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INVESTMENT CENTERS THAT ARE FEASIBLE IN
A CREDIT UNION

A Project
Present to the
Faculty of
California State University,
San Bernardino

In Partial Fulfillment
Of the Requirements for the Degree
Master of Business Administration

by
Sondra Kay Vick
March 2000

INVESTMENT CENTERS THAT ARE FEASIBLE IN
A CREDIT UNION

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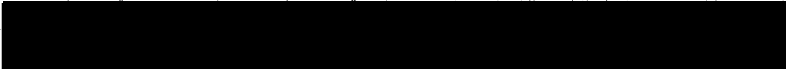
by
Sondra Kay Vick
March 2000

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ABSTRACT

This project will identify the options available to a credit union desiring to open an office of the securities industry to provide investment products and advisory services to its member. The three options identified are becoming a branch office of an established broker/dealer, becoming an introducing broker/dealer, or purchasing an existing broker/dealer. An analysis will identify the required needs of an account executive in a computer system, client statements, and client confirmations. It will also analysis the capital requirements, the expenses of opening and running an office, fees charged to clients, and the licenses required. This project will show that any of these three options are feasible for a credit union but which option is chosen will be determined by the size and capital of the credit union undertaking this business venture.

TABLE OF CONTENTS

ABSTRACT	iii
DEFINITION OF TERMS.	vi
CHAPTER ONE	
Introduction	1
Desired Requirements	4
CHAPTER TWO	
Branch Office	13
CHAPTER THREE	
Introducing Broker/Dealer	21
CHAPTER FOUR	
Acquisition of an Existing Broker/Dealer.	36
CHAPTER FIVE	
Conclusion	47
APPENDIX A	
Client New Account Form	52
Client Monthly Statement.	53
Client Confirmation of Sell	58
Client Confirmation of Buy.	59
Broker/Dealer Application	60

APPENDIX A (con't)

Account Executive U-4 Form.	65
Survey.	71
BIBLIOGRAPHY	73

DEFINITION OF TERMS

Annuity - A contract between an insurance company and an individual, which generally guarantees lifetime income to the person on whose life the contract is based in return for either a lump sum or a periodic payment to the insurance company.

Broker - An individual or firm that charges a fee or commission for executing buy and sell orders submitted by another individual or firm. The role of a broker firm when it acts as an agent for a customer and charges the customer a commission for its services.

Clearing Broker - A broker-dealer that clears its own trades, as well as trades of introducing brokers. A clearing broker-dealer can hold customers' securities and cash.

CUSIP - Committee on Uniform Securities Identification Procedures - A committee that assigns identification numbers and codes to all securities, to be used when recording all buy and sell orders.

Dealer - The role of a brokerage firm when it acts as a principal in a particular trade. Any person who is engaged in the business of buying and selling securities for their own account either directly or through a broker, and who is not a bank, is considered a dealer.

Holding Company - A Company organized to invest in and manage other corporations.

Introducing Broker - A broker-dealer that does not hold investors' money or securities. Instead, it introduces those accounts to a clearing broker-dealer, which then handles all cash and securities for those accounts.

Listed Equity - A security that is traded on a regional or national securities exchange such as the New York Stock Exchange.

Mutual Fund - A type of investment company that offers for sale or has outstanding securities that it has issued that are redeemable on demand by the fund at current net asset value. All owners in the fund share in the gains or losses of the fund.

Networking - An automated, centralized recordkeeping system through which all customer account level information other than order processing can be exchanged between mutual fund firms and other financial institutions.

Over The Counter (OTC) - A security that is not listed or traded on a recognized exchange. Both listed and unlisted (OTC) securities as well as municipal and U.S. government securities are traded in the OTC Market. OTC trading takes place over computer and telephone networks that link brokers and dealers around the world.

Securities Information Center - The organization designated by the SEC to act as a central data bank for records of lost and stolen securities.

Securities Investor Protection Corporation (SIPC) - A nonprofit membership corporation created by an act of Congress to protect clients of brokerage firms that are forced into bankruptcy.

Account Executive - All associated persons engaged in the investment banking and securities business that have passed on exam for licensing purposes to register with the NASD.

NASD - National Association of Securities Dealers is the self-regulatory organization for the Securities and Exchange Commission (SEC).

Unit Investment Trust (UIT) - An investment company that has its own portfolio of securities in which it sells interests in this portfolio in the form of redeemable securities. Unit Investment trusts are organized under a trust indenture, not a corporation charter.

Chapter One

INTRODUCTION

In December 1984, the U.S. Supreme Court approved Bank America's purchase of Charles Schwab, opening the way for banks to join forces with securities brokers. Since then banks and credit unions have put into place innovative programs to provide brokerage services to their clients. While there are efforts in Congress to implement Glass-Steagall reform, the principle efforts appear to be directed toward the ability of banks to offer insurance products. H.R. 1062 would allow mergers between banks and securities firms, but imposed a five-year moratorium on the comptroller of the currency from naming new bank insurance products.

On March 4, 1999, the Senate Committee on Banking, Housing and Urban Affairs approved the Financial Services Modernization Act of 1999, which became known as the Gramm-Leach-Bliley Act. This act will enable consumers to conduct their banking, securities and insurance business in one location creating a supermarket for financial services. The obstacles between insurance and banking and between securities and banking were enacted over sixty years ago.

The growth of these industries, banking, insurance and securities, created a host of regulators to ensure that the consumer is protected and receives information that is truthful and accurate on which to basis their financial decisions at the lowest possible cost. This act creates open competition between the insurance, banking and securities industries.

The approaches used by most financial institutions to enter the securities brokerage business have taken three principle forms. First, many community-based credit unions have established contractual marketing agreements with broker/dealers. Second, some of the larger institutions have purchased broker/dealer; Nations Bank bought Dean Witter, which is now Morgan Stanley Dean Witter. Some institutions started their own broker/dealer subsidiaries; Bank America started Investment Network of America. Wells Fargo established their own family of mutual funds, "The Stagecoach Funds," and Citicorp and Chase Manhattan have also launched successful mutual funds.

The continuing revolution in the financial services industry ultimately threatens the Credit Union's most valuable assets - the relationship with the members. As

part of this revolution, financial institutions are crossing traditional boundaries and redefining their roles in the marketplace. The trend is toward diversified financial companies with multiple subsidiaries directed toward serving the total financial needs of their clients.

The credit unions have always faced competition for their members' deposits from other depository institutions and from investment firms; however, the environment has become intensely competitive with financial institutions offering consumers "one-stop financial shopping" which includes a full array of deposits and investment services. The Credit Union can position themselves strategically to compete in this environment through the establishment of securities brokerage and financial planning services for their members. The offer to expand investment alternatives will not enhance the Credit Unions' ability to protect the member relationship, but will include other benefits such as the production of a growing fee income stream.

DESIRED REQUIREMENTS

One of the desired needs of an account executive is in the ease and clarity in reading a client's statement. Some clients want to receive only one monthly statement for all their investments. A statement should give the clients account number, the name of the account executive with address and telephone number for ease in contacting the account executive, and the client's taxpayer tax identification number, which is usually the social security number (Appendix A).

A detailed statement, with the total value of the portfolio should be subdivided with the dollar amount in a money market account and the amount of dividends paid each month with a cumulative total. The value of stocks, mutual funds, number of shares owned, annuities and any other investment in the client's portfolio with the percentage of each type of investment in his portfolio. The statement should reflect the instruction for the disposition of dividend and capital gains on stocks and mutual funds. The client has two options with dividend and capital gains distributions; they can be reinvested or received in cash. Dividends on stock are usually sent to the client or

transferred to a money market account while mutual funds are usually reinvested unless the client requires the money be mailed to them.

Another subdivision on the statement should list all transactions that have taken place in the account since the last statement. The client should be able to compare the value of the previous month's investment portfolio to the current value.

The client should receive a confirmation every time a buy or sell is made from the account. The buy confirmation should state the number of shares purchased, the symbol of the security, the price per share, the total amount of the purchase, and the commission charged by the account executive. A confirmation also shows which stock exchange was used to purchase the security, the CUSIP number, and if the clearing broker-dealer acted as agent or as principal (Appendix A).

An efficient broker-dealer should have access to a couple of different types of software systems. One system gives the account executive up to the minutes quotes on all equities traded on the various stock exchanges. The second system gives the account executive access to his client's

investment portfolio detailing the positions held and current market value. The account executive desires a computer system that has real time stock quotes, up to the minute quotes instead of fifteen minute delay, automated order entry, trade execution reports, and complete client account data information. "Clearing firms, across the board, have been making increasingly heavy investments in technology to enhance their businesses and to help their clients succeed". (Bank Securities Journal 20).

Production data for the account executive showing details of the gross dollar amount of investments and gross commission due the account executive through the back-office. The Bank Securities Journal says, "Many of the back-office fixed costs stay at the clearing firm. Transaction expenses go down along with declining transaction volumes" (pg 20).

A stock charting service that graphs the present and historical prices and volume of an equity or mutual fund with technical studies, trend lines and moving averages. The ability to integrate real-time quotes with a

spreadsheet to update real-time markets data in a client's portfolio. Research data should be easily accessed through the back-office of the clearing broker-dealer.

An asset allocation feature to assist in determining the assets of the client, financial goals of the client and how to reach those goals. The computer system should have the ability to receive financial headlines and news stories that may impact a client's investment portfolio.

The AE Advantage Quotron system, which offers data electronic trade entry and sales support information, can be a back-office system. This system provides access to complete market information, with real-time quotes on stocks, and previous night's closing price on mutual funds. Two of the news sources are Reuters and the Dow Jones News Services with scrolling headlines, headlines by category and full story text retrieval. The charting feature has historical high, low and closing prices and volume of equities. A chart with trend lines will assist in the study of a particular equity. The computer is linked to the system by special cables linked to a satellite cabletron hub.

Asset allocation 2000 software is a specially designed marketing program with support software showing clients the organization of their assets, how well they are currently diversified, performing, and models for changing the asset mix. The Matched Asset Program is a risk analysis software program designed to generate an investment proposal customized for the account executives client financial goals. This program shows risk adverse clients how to match guaranteed investments such as zero coupon bonds with the proper mix of growth investments such as mutual funds or stocks to enhance the clients return while minimizing the clients risk by diversifying the clients assets.

There are several manual in put order keeping system available to an account executive to keep track of all clients transaction, either through the clearing broker-dealer or direct with the mutual fund company. Buy and sell transactions entered from confirmations received from mutual fund, annuity companies or equity trades are entered at the account executives back-office and then automatically and immediately posts to the client page, securities cross-reference records, and the daily buy/sell blotter. This eliminates the need for keeping three sets

of paper record books, i.e. a client security card, a client card and a daily buy/sell blotter. Using a manual computer entry of transactions reduces costly errors because the information is entered only once instead of three times. NASD compliance requires the entry and tracking of all transactions to these three areas. Computer software packages are also able to streamline client follow up contacts by being able to integrate with a word processing program for sending out letters.

Software packages for back office used for investment management technology have been streamlined and automated to integrates the investment management process with the various mutual fund and annuities companies to gain a superior, customizable reporting with graphics to enhance client services. These software packages work in conjunction with other companies that take the investment information from the mutual fund and annuity companies and compiles the information into one program which downloads daily into the account executives back office. This is a fully automated system that enters all buy and sell transactions and in turn automatically posts to the client page, securities cross-reference records, and the buy/sell

blotter. This eliminates the need to manually keep three record books, a client security card, a client card and a daily buy/sell blotter.

The account executive desires a clearing broker-dealer with fees comparable to what others are offering; those fees are passed on to the client. The clearing charges are usually for stock trades placed or mutual fund investments. Some questions that need to be answered concern the computer system. Is there one set fee for each computer or is a fee charged for each feature? How are client accounts networked and is there a fee connected with networking? What is the required deposit to establish a relationship with a clearing broker-dealer?

For example when an introducing broker-dealer, a correspondent firm, relationship is established a minimum production of \$300,000 per year in gross commissions could be required. If the correspondent firm does not maintain an average of \$25,000 a month in gross commissions there could be a monthly assessment of \$5,000 less the actual clearing charges.

There is an inactivity fee charged to a client if the account has no activity for eighteen months. This fee

could be \$30 but does vary between the clearing firms.

Automatic Customer Account Transfer, ACAT, accounts are charged \$50 to the client, this is only if the portfolio is leaving the broker-dealer. Funds wired from the money market account could charge \$5 to \$20 depending on the clearing firm and are usually charged to the client.

Clearing firms have the capability of networking mutual funds on Level I, Level II, Level III and Level IV. Networking was created for banks, brokers/dealers and other financial service firms to keep more accurate and timely way to monitor a clients mutual fund assets.

In 1988 the National Securities Clearing Corporation introduced networking a way of providing a vehicle for funds and firms to exchange account updates. Networking provides the most efficient convenient and efficient method to maintain non-trade related client information because the system standardizes information, has abolished duplicate shareholders accounting functions, reduces discrepancies and eliminates the need for physical shares.

There are four levels of networking reporting available to met the various needs of a client. Level I networking, the mutual fund shares are in the clearing

broker-dealer's name for the beneficial owner and held on deposit at the fund. Level II networking, the mutual fund shares are in the customer's name and held on deposit at the mutual fund. Anytime a transaction is made at the mutual fund a statement from the fund will not be generated. Level III networking is an omnibus account at the clearing firm and mutual funds are purchased and sold for a client in the omnibus account with a ticket charge of at least \$25 charged to the client every time a purchase, liquidation or exchange occurs. Level IV networking, the shares are in the customer's name and held on deposit at the mutual fund, when a transaction occurs a statement from the fund is generated. All transaction can be placed directly with the mutual fund Company without a transaction charge and still be networked except at Level III. All buy transactions placed directly with the mutual fund companies will fall under their guidelines pertaining to their service charges and stated in the prospectus

Chapter Two

BRANCH OFFICE

An Independent Sales Associate opening a branch office of an established broker/dealer is relatively easy. The qualifications for opening a branch office as an account executive usually requires previous securities production of at least \$150,000 a year or higher. Another qualification is that one person for the branch office must have a principal license (Series 24) with a good compliance record. Adequate capital to fund business expenses for three months should be available plus the establishment of a "reserve account", this can be \$15,000 to \$25,000, which cannot be used to pay any expenses.

As a branch office of a clearing broker/dealer it is easier and more cost efficient to become registered in any state that the broker/dealer is licensed. Trades are executed, confirmed and entered into a client's account and client confirmations are processed and sent out promptly. Orders for general securities can be placed directly with the traders by toll-free lines or electronically. A commission schedule put out by the clearing broker/dealer should be used as a guide for charging commissions or fees

but there are usually no restrictions on the discounting of commissions or fees.

In order to offer maximum flexibility to clients a specially structured fee based arrangements through innovative and discretionary account programs can be offered for use by registered investment advisers. Portfolio performance reports on these accounts are provided to the account executive and client on a quarterly basis, and fees are paid to the account executive quarterly in advance and are based as a percentage of the total asset value of the client portfolio.

Some account executives are encouraged to sell the in-house products. Proprietary products or services are developed only to give quality control to the firm or to facilitate operational compatibility. Serving your clients' best interest should be of primary importance.

There are fewer restrictions on the types of business you can conduct as a branch office. These areas are subject to special policy limitations and individual case consideration: low priced or illiquid OTC stocks, commodities trading and institutional equity accounts. It is believed that these areas of investment are

inappropriate to place retail investors in because of the high speculative nature of investment.

Most clearing broker/dealers are members of Fund/Serv and are able to provide quicker and more efficient execution of mutual fund trades by a computer link with the National Securities Clearing Corporation. Only Fund/Serv members have redemption proceeds available on settlement date. The Mutual Fund Department is also able to "network" most funds to consolidate your clients' holdings on their statements. No-load mutual funds may be purchased and held in their brokerage accounts, there is a processing charge, usually about \$30 to the client, but no commission is paid to the account executive because of regulatory prohibition imposed under the terms of a no-load fund prospectus.

Branch offices have access to departments at the clearing broker/dealer to assist with research in solving problems, responding to comments and complaints. This allows the branch office to maximize its time with clients and potential clients.

Clearing broker/dealers can provide branch offices with a choice of interactive systems to access and manage the information vital information for the branch office

which can be delivered by a two-way satellite communication link using personal computer. This system can offer real-time quote services, complete client account data access, automated order entry, trade execution reports, stock charting service and on-line research data.

The clearing broker/dealer maintains the selling agreements with the various mutual fund and annuity companies that the account executives in the branch office are permitted to make investments with for their clients.

SCHEDULE OF CLEARING CHARGES *
BRANCH OFFICE

Listed Equities/Exchange	\$20 per trade plus .01 cost per share
Listed Equities/Third Market	\$20 per trade
Listed Bonds	\$22 per trade plus \$1 per bond
OTC Equities	\$20 per trade
OTC Corporate Bonds	\$38 per trade
Treasuries	\$45 per trade
Zero Coupon Bonds	\$48 per trade
Municipal Bonds	\$48 per trade
UITs	\$48 per trade
CDs	\$48 per trade
Insurance/Annuities	\$15 per trade
Mutual Funds	\$25 per trade
Mutual Funds/Direct	\$5 per fund family per account executive per month with most major Fund families providing commission data electronically. On other funds, \$5 per trade for manual processing of data.

*This is just one example of the charges assessed by one broker/dealer to an independent sales associate opening a branch office.

Assumptions

Several assumptions were made in preparation of a three-year proforma.

- ◆ Estimated gross commission - this number is based on one account executive in a financial institution with an average of \$150 million in assets.
- ◆ Compensation - account executive receives a guarantee for the first six months of operation. After the first six months compensation is commission only at the rate of 30% of gross commissions.
- ◆ A sales assistant is added after the first six months.
- ◆ Additional account executives would be added for every \$20,000 in gross commissions.
- ◆ Additional sales assistant would be added for every four account executives.
- ◆ Benefits - Employee benefits are increased based upon The assumptions made for compensation and increased six Percent (6%) annually.
- ◆ Travel & Education - This includes continuing education fees, annual and monthly fees for the account executives and other professional fees required.
- ◆ Office Occupancy - The branch will occupy an office in

the financial institution and the rent will be assessed at a percentage of the gross commission.

- ◆ Office Operations - These costs are increased with each additional account executive. Costs for year one include computer and satellite costs for automation of the office and amortization in computer equipment purchased at the beginning of year two.

Proforma for Branch Office of
Broker/Dealer

Income	19xx	19xx	19xx
Gross Commission	\$ 94,125	\$ 316,125	\$ 538,125
Total Income	\$ 94,125	\$ 316,125	\$ 538,125
Expenses			
Commissions	\$ 27,000	\$ 77,400	\$ 127,800
Compensation	\$ 6,249	\$ 18,747	\$ 18,747
Benefits	\$ 10,250	\$ 28,845	\$ 43,965
Office Occupancy	\$ 7,200	\$ 42,825	\$ 76,425
Office Operations	\$ 18,350	\$ 23,175	\$ 30,975
Travel, Education & License	\$ 5,600	\$ 8,375	\$ 11,175
Adv. & Promo	\$ 1,020	\$ 1,700	\$ 2,500
Other Expenses	\$ 2,490	\$ 4,310	\$ 5,550
Total Expenses	\$ 78,159	\$ 205,377	\$ 317,137
Net Income (Loss) Before Taxes	\$ 15,966	\$ 110,748	\$ 220,988
Cum Income (Loss) Before Taxes	\$ 15,966	\$ 126,714	\$ 331,736

Chapter Three

INTRODUCING BROKER/DEALER

A National Association of Securities Dealers (NASD) firm must be registered as a broker/dealer with the Securities and Exchange Commission (SEC). A firm is also subject to the requirements of the securities laws and registration requirements of all states where it conducts business. State agencies require additional documentation to become licensed and each state SEC office will need to be contacted. Broker/dealers are also subject to the federal statutory provision requiring membership to the Securities Investor Protection Corporation (SIPC). Firms are exempt from this membership if mutual fund shares, variable annuities, and insurance or government securities are exclusively sold.

Firms that are members of the SIPC must also carry a blanket fidelity bond that meets the requirements for the amount, and type of coverage specified by the NASD, and must be equal to at least 120 percent of the required minimum net capital, with a minimum bond of \$25,000.

All broker/dealers must report their financial condition to a designated examining authority of the NASD

by filing a FOCUS report. A FOCUS report is filed seventeen business days after the end of each quarter unless more frequent financial statements are required by the NASD district office. SEC Rule 17a-5 requires an annual audit report, prepared by an independent Certified Public Accountant, be filed with the NASD Surveillance Department in Washington, D.C. sixty days after the end of the fiscal year.

SEC Rule 17f-1 also requires all firms that sell variable annuities and/or limited partnerships to register as direct or indirect inquirers in the Securities Information Center's Lost and Stolen Securities Program. Broker/dealers that sell municipal securities also need to file an application for membership with the MSRB (Municipal Securities Rulemaking Board).

To begin the process for a firm to be admitted to membership of the NASD, an appropriate firm name is selected. The NASD will not allow a prospective member to use a name identical to that of an existing member or so similar that it confuses or misleads people. An acceptable firm name may be reserved for 90 days and the firm's application should be filed within those 90 days.

Another requirement to be accepted for NASD membership is the SEC Net Capital Rule 15c3-1. The financial responsibility rules of the SEC, and NASD members must comply with this provision at all times. The types of securities products and the activities engaged in by the firm determine the minimum net capital requirements. A net capital requirement is either the greater of \$50,000 or 6 2/3% (15:1) of aggregate indebtedness is required after the first year. The requirement the first year is 8:1 of aggregate indebtedness.

A firm must establish, maintain, and enforce written procedures to supervise employee's activities. The procedures must include a registered principal, an OSJ, Office of Supervisory Jurisdiction, and at least one registered representative or principal for each branch office to be responsible for supervision in that office. The main office of each firm is always designated as the OSJ and maintains supervisory jurisdiction and is responsible for all the other branch offices. These procedures must be designed to comply with all applicable securities laws, rules, and regulations, of the SEC and NASD.

Since an introducing broker/dealer doesn't carry customer accounts an agreement with a clearing broker/dealer must be obtained. Each client will be fully disclosed to the clearing broker/dealer and the clearing broker/dealer will be responsible for preparing and mailing confirmation, statements, and other correspondence. The client will write all checks to the clearing broker/dealer.

An introducing broker/dealer is required to send all customer funds and securities to the clearing broker/dealer daily. All customer checks for the purchase of equities, mutual funds, annuities or other securities must be made payable to the various investment companies or the clearing broker/dealer. An introducing broker/dealer is not permitted to act as an agent in underwriting or to hold an inventory of securities belonging to the firm.

An introducing broker/dealer requires two-principals and a chief financial officer in addition to any registered representatives. The two-principal requirement is the minimum number of officers, partners, or directors who must be registered as principals for the firm to attain and maintain NASD membership.

Schedule C of the NASD By-Laws states "The NASD requires the president, chief executive officer, or chairman of the firm to qualify and register as a principal. This requirement is directed to the top executive of the firm who must meet all of the qualification requirements and register as a principal even if the person is not involved in the day-to-day operation of the securities business. In a partnership, at least one general partner must register as a principal." A principal must pass the General Securities Principal exam (Series 24).

A chief financial officer of a broker/dealer that conducts business in securities, transmits all customer funds and securities and doesn't engage in any market-making activities must pass the Financial and Operations Principal Exam (Series 27).

Each firm must also designate an executive representative to represent, vote, and act for the member firm in all NASD member decisions. The designated representative will receive all compliance-related

information, materials and correspondences received from the NASD. The representative will be responsible for the distribution of this information to the individuals of the firm.

The NASD specifies that persons engaged in various aspects of securities transactions must be registered as either registered representatives, sales personnel, or as principals, generally officers of the firm engaged in the day-to-day operation of the securities business. Clerical employees are exempt from registration. Registered representatives can pass either the Investment Company/Variable Contracts Representative exam (Series 6) allowing a representative to make investments in mutual funds and annuity contracts with a life insurance license. A registered representative can pass the General Securities Exam (Series 7) allowing a representative to make investments in stocks, bonds, real estate investment trusts, options, mutual funds and annuity contracts with a life insurance license.

You may become registered as a NASD representative or principal only if employed or sponsored by a NASD member or a firm pending membership. This registration requires the

filing of Form U-4, including a fingerprint card (Appendix A). The U-4 form is the only document used to obtain data to process the registration information of an individual and each registered representative is then assigned a CRD number. The U-4 form is also used to open a qualification exam window by the NASD Central Registration Depository (CRD) to schedule an exam time at a Sylvan Learning Center. The qualification exam must take place during that 90 days the exam window is open. A majority of the states also require that the Uniform Securities Agent State Law Exam (Series 63) is passed before being able to transact business in that state. A U-4 status report is provided to the firm anytime there is a change made to a registration application.

Broker/dealer application for the NASD, SEC and state securities agency membership with initial fees is processed by the NASD CRD (Appendix A). This application assigns each firm a CRD identification number and all registered representatives, principles, and branch offices are linked to the firm's CRD identification number. A CRD status report will be provided with notices of the applicants' registration status, and deficiencies that will require

correction. The corrections should be made promptly because further processing will not continue until the deficiencies are corrected. Corrections can only be made by submitting an amended broker/dealer application, as letters are not acceptable. When any amendments are made to any part of the application, the first page of the broker/dealer with notarized page one must always be completed.

Once a broker/dealer application and all U-4 forms have been cleared of all deficiencies a pre-membership interview (PMI) is held with a member of the NASD district office. The individuals who must attend the PMI are those responsible for supervising the firm's activities including the individual responsible for the firm's financial statements. These individuals must have all passed the qualified examinations for those positions. The PMI is intended for the firm to gain an understanding of the functions and operations of the NASD. This interview also allows the NASD to determine if the firm is capable of compiling with all applicable rules and regulations of membership.

Before the PMI is schedule, the district office may request the submission of a trial balance with supporting schedules, a net capital computation and an annual audit statement. The district office may also ask for a copy of the firm's clearing agreement, written supervisory procedures, evidence of fidelity bonding coverage, registration with the Securities Information Center and any other documents the district office deem necessary to make an evaluation for membership.

Once the PMI has been completed, the district office will send the application file and the information obtain to the local NASD district committee. The district office staff, and the district committee, composed of NASD members, will make a recommendation of membership approval, membership approval with specific limitations or restrictions, or that membership is denied.

All NASD members are subject to periodic, on-site surprise examinations from the district office. The examination results are reported to the local district committee and this committee decides if rule violations

exist and if violations exist, the type of disciplinary action that is appropriate. All members are also subject to a surprise on-site examination from the SEC.

Once approval has been determined by the district committee, the firm is admitted to membership and a broker/dealer status report with a special CRD advisory message is automatically generated. The Application Coordination forwards a Certificate of Membership to the firm.

SCHEDULE OF CLEARING CHARGES *
INTRODUCING BROKER/DEALER

Listed Equities	\$26 per trade plus .025 cost per share
Listed Bonds	\$22 per trade plus \$1.75 per bond
OTC Equities	\$25 per trade plus \$.015 per share
Treasuries	\$50 per trade plus 13% of commission or sales credit
Mortgaged Backed Securities	\$50 per trade plus 15% of commission or sales credit
UITs	\$60 per trade plus 13% of commission or sales credit
Mutual Funds	\$25 per trade
Mutual Funds/Direct	\$5 per fund family per account executive per month with most major Fund families Providing commission data electronically. On other funds, \$5 per trade for manual processing of data.

*This is just one example of the charges assessed by one broker/dealer to an independent sales associate opening a branch office.

ASSUMPTIONS:

Several assumptions were made in preparation of a five-year proforma.

Financial Planning Income - these numbers are based on three (3) account executives being added in year two and that these individuals will produce gross commission during their first year of 250,000 and 450,000 in future years.

- ♦ Compensation - Employee compensation assumes that in addition to the current six (6) salaried employees, one additional employee will be added. Thereafter, salaried employees will be added for each three (3) additional account executive. Salary increases of six percent (6%) are anticipated.
- ♦ Benefits - Employee benefits are increased based upon the assumptions made for compensation and increased six percent (6%) annually.
- ♦ Professional & Outside Services - These figures are the costs of recruiting account executives.
- ♦ Travel & Education - This includes the continuing education fees, annual and monthly fees for the account executives and other professional fees required. These costs are increased six percent (6%) annually.

- ◆ Office Occupancy - The firm will occupy 2600 square feet with a rent of \$5.43 per square foot. This rent will increase five percent per year.
- ◆ Office Operations - These costs are increased by six percent (6%) annually. Costs for year one include computer and satellite costs for automation of the office and amortization of \$15,000 in computer equipment purchased at the beginning of year two.
- ◆ Other Expenses - these costs are increased by six percent (6%) annually

Proforma for Introducing Broker/Dealer

	19xx	19xx	19xx
Operating Income			
Investment Inc.	\$ 807	\$ 807	\$ 807
Fin. Plan. Comm.	\$ 550,000	\$ 925,000	\$ 1,375,000
Total Operating Income	\$ 550,807	\$ 925,807	\$ 1,375,807
Operating Expenses			
Commissions	\$ 192,500	\$ 323,750	\$ 481,250
Compensation	\$ 363,000	\$ 419,808	\$ 480,340
Benefits	\$ 11,630	\$ 17,556	\$ 25,380
Retirement (6%)	\$ 21,780	\$ 25,188	\$ 28,820
Payroll Taxes	\$ 56,938	\$ 71,958	\$ 92,478
Office Occupancy	\$ 134,873	\$ 165,555	\$ 167,414
Office Operations	\$ 220,166	\$ 166,836	\$ 181,546
Travel, Educaiton & License	\$ 52,500	\$ 55,650	\$ 58,969
Adv. & Promo	\$ 70,000	\$ 70,000	\$ 35,000
Prof Outside Serv	\$ 44,000	\$ 30,000	\$ 30,000
Other Expenses	\$ 19,200	\$ 20,352	\$ 21,573
Total Op Expenses	\$ 1,186,587	\$ 1,366,653	\$ 1,602,770
Net Income (Loss) Before Taxes	\$ (635,780)	\$ (440,846)	\$ (226,963)
Cum Income (Loss) Before Taxes	\$ (635,780)	\$ (1,076,626)	\$ (1,303,589)

Proforma for Introducing
Broker/Dealer (con't)

	19xx	19xx
Operating Income		
Investment Inc.	\$ 807	\$ 807
Fin. Plan. Comm.	\$ 1,825,000	\$ 2,275,000
Total Operating Income	\$ 1,825,807	\$ 2,275,807
Operating Expenses		
Commissions	\$ 638,750	\$ 796,250
Compensation	\$ 478,303	\$ 580,497
Benefits	\$ 33,972	\$ 43,608
Retirement (6%)	\$ 29,238	\$ 34,829
Payroll Taxes	\$ 113,260	\$ 134,322
Office Occupancy	\$ 169,367	\$ 171,392
Office Operations	\$ 196,838	\$ 207,740
Travel, Educaiton & License	\$ 62,528	\$ 66,279
Adv. & Promo	\$ 35,000	\$ 35,000
Prof Outside Serv	\$ 30,000	\$ 30,000
Other Expenses	\$ 22,867	\$ 24,239
Total Op Expenses	\$ 1,810,123	\$ 2,124,156
Net Income (Loss) Before Taxes	\$ 15,684	\$ 151,651
Cum Income (Loss) Before Taxes	\$ (1,287,905)	\$ (1,136,254)

Chapter Four

ACQUISITION OF AN EXISTING BROKER/DEALER

In 1997 the Federal Reserve Board (FRB) loosened the regulations of the Glass Steagall Act encouraging financial institutions to enter into the securities business by either purchasing broker/dealers or by consolidation. Financial institutions have acquired full service broker/dealers as part of what they are gaining in distribution capabilities and they are looking for more distribution to better service and attract new customers.

Community Financial institutions are quickly becoming a thing of the past with mergers and acquisitions happening seemingly overnight. These small institutions are trying to position themselves either favorably for a buy out, or find a niche for themselves among the leaders.

Financial Institutions have been enlarging their asset base through acquisitions rather than through new sales. Acquisitions allow financial institutions to enter the securities business quickly, avoiding many of the cultural obstacles of building a brokerage unit internally.

Established brokerages can provide financial institutions with a professional, well-seasoned sales force with enough size and scale to withstand the culture.

The purchase price for a broker/dealer has increased to four times their book value during the last year because large financial institutions do not want to miss out on strengthening their relationships with their clients. Once a premium is paid to acquire a broker/dealer the financial institution will need to increase their fee revenues sooner than if they had acquired the broker/dealer at book value.

Past performances of financial services firms success can be attributed to favorable economic conditions of a stable inflation, lower interest rates and good employment conditions. Factors that will continue to influence long-term profitability will include interest rates, deposit acquisitions, lending spreads, credit quality, and the ability of companies to expand their range of lending products. Consumer and industry trends should be closely monitored for their impact on future growth opportunities.

Financial institutions can be successful at both investment product sales and investment banking by establishing a sales culture to compliment the existing

service culture. According to David M. Calkins of Ernst & Young LLP "any wholesale bank that truly desires to leverage its broker/dealer subsidiary needs to operate within a cohesive client management framework that combines people, processes and technology to increase bottom line results." (Bank Securities Journal 11).

When considering the acquisition or merger of an existing broker/dealer one thing to consider is the assets and debts of the existing companies. To be a successful merger the assets should increase while the debt structure of both organizations should decrease. This merger should also present a positive venture to the current customers and clients.

Some of the things to consider is the dollar assets under management by both companies. Additional assets are the employees, number of branches and their locations, and technology and operations of both organizations.

Items that will need to be calculated when considering a merger are the after-tax cost savings, restructuring changes, revenue enhancements, personnel, facilities and equipment. Further consideration should be given to the loan composition, deposit composition plus the weighted

average cost of capital for each company should be calculated and then the weighted average cost of capital with the companies combined. Once it has been established that the shareholders value would be increased then the merger can be justified as a good business venture.

ASSUMPTIONS:

Merger of equals with pooling of interests and tax free exchange

1.1844 Investment Center shares for each Financial Institution shares

	IC	FI	FG
Assets	\$106 million	\$76 million	\$175 billion
Employees	34,000	25,000	54,000
Branches	1,150	427	1,307
Deposits	\$70 million	\$49 million	\$118 million
Common Stock	8,718 million	4,817 million	313 million
Dividends	\$2.58	\$2.62	
Beta	1.25	1.34	
ROA	1.66	1.07	
ROI	9.15	9.91	
ROE	19.39	16.34	

Balance Sheet December 31, 19xx

	IC	FI	FG
Net Loans	\$67,844	\$42,052	\$109,896
Securities	\$10,792	\$12,534	\$23,326
Other Assets	\$25,746	\$18,927	\$44,673
Total Assets	\$104,382	\$73,513	\$177,895
Deposits	\$69,678	\$48,500	\$118,178
Borrowings	\$17,278	\$16,609	\$33,887
Other Liabilities	\$7,163	\$2,592	\$9,755
Capital Securities	\$854	\$995	\$1,849
Total Liabilities	\$94,973	\$68,696	\$163,669
Preferred Stock	\$691	\$0	\$691
Common Equity	\$8,718	\$4,817	\$13,535
Total Liabilities and Equity	\$104,382	\$73,513	\$177,895

Weighted Average Cost of Capital (WACC)

Pre-merger Investment Center (IC)

$K_{rf} = 5.08$ - Risk Free Rate of Return
 $K_m = 16$ - Expected Rate of Return on Market Portfolio
 $B = 0$
 $K_s = 8,718$ million
 $K_d = \text{Debt (Interest/Total Liabilities (1-Tax Rate))}$
 $T = 38.9\%$ Tax Rate

 $K_s = \text{Common Stock}$
 $K_s = K_{rf} + B(K_m - K_{rf})$
 $= 5.08 + 1.25(16 - 5.08)$
 0.1873

 $K_d = \text{Debt}$
 $K_d = 1134 / 94973(1 - .389)$
 0.73%

Financial Institution (FI)

$K_{rfr} = 5.08$ - Risk Free Rate of Return
 $K_m = 16$ - Expected Rate of Return on Market Portfolio
 $B = 1.34$ - Beta
 $K_s = \text{Common Stock}$
 $K_d = \text{Debt (Interest/Total Liabilities (1-Tax Rate))}$
 $T = 38\%$ Tax Rate

Common Stock

$$K_s = K_{rf} + B(K_m - K_{rf})$$

$$= 5.08 + 1.34(16 - 5.08)$$

$$= 19.71$$

Debt

$$K_d = 1179 / 68696 (1 - .38)$$

$$0.74\%$$

Post-merger
Financial Group (FG)

Krfr = 5.08 - Risk Free Rate of Return

Km = 16 - Expected Rate of Return on Market Portfolio

	Assets	Weight	Beta
IC	104,382	59%	1.25
FI	73,513	41%	1.34
FG	177,895	100%	1.3

Common Stock

$$K_s = K_{rf} + B(K_m - K_{rf})$$

$$= 5.08 + 1.30(16 - 5.08)$$

$$= 19.28\%$$

Debt

$$K_d = \text{Debt}(\text{Interest} / \text{Total Liabilities} (1 - \text{Tax Rate}))$$

$$= 2313 / 163669 (1 - .389)$$

$$= 0.86\%$$

Market Value of Stock

Investment Center (IC)

MV = Market value of one share of equity
D1 = Expected dividend per share next period
Ks = Required Rate of Return
g = Growth Rate of dividend per share
Do = dividend in current year

g = (1-payout ratio) x Return on Equity

Payout = 36%

ROE = 17.57%

Do = \$.98

D1 = Do(1+g)

g = (1-0.36) * 0.1757
= 11.24%

D1 = Do(1+g)
= 0.98 * (1+0.1124)
= 1.08

MV = D1 / (Ks-g)
= 1.08 / (0.1764-0.1124)
= \$16.67 per share

Financial Institution (FI)

MV = Market value of one share of equity
D1 = Expected dividend per share next period
Ks = Required Rate of Return
g = Growth Rate of dividend per share
Do = dividend in current year

g = (1-payout ratio) x Return on Equity
Payout = 46%
ROE = 16.44%
Do = \$1.16
D1 = $Do(1+g)$

g = $(1-0.46) \times 0.1644$
= 8.88%

D1 = $Do(1+g)$
= $1.16 \times (1+0.0888)$
= 1.26

MV = $D1 / (Ks - g)$
= $1.26 / (0.1928 - 0.0888)$
= \$12.12 per share

Financial Group (FG)

MV = Market value of one share of equity
D1 = Expected dividend per share next period
Ks = Required Rate of Return
g = Growth Rate of dividend per share
Do = dividend in current year

Assume:

g = 12%

D1 = $Do(1+g)$
= $1.1 \times (1+0.12)$
= 1.23

MV = $D1 / (Ks - g)$
= $1.23 / (.1764 - .12)$
= \$21.81 per share

Market Value Pre-merger

Investment Center Common Shares - 590 million shares
at \$16.67 per share
Financial Institution Common Shares - 264 million shares
at \$12.12 per share

$MV_{ic} + MV_{fi} = (590 \times 16.67) + (264 \times 12.21)$
= 9,835 + 3,223
= \$13,058 million

Share-for-share merger

1 FI = 1.1844 IC share (exchange ratio)
FI shares at merger announcement = 264 million
= 264×1.1844
= 313 million shares

Market Value Post-merger

$$= (590_{IC} + 313_{FI}) \times \$21.80$$

$$= \$19,685 \text{ million Financial Group shares}$$

$$MV_{FG} > MV_{IC} + MV_{FI}$$

$$= \$19,685 > \$13,058$$

Shareholders value would increase for
both firms with the merger

BALANCE SHEET Projected

	IC	FI	FG
Assets			
Current Assets	\$97,167	\$71,450	\$168,617
Fixed Assets	\$1,352	\$1,451	\$2,803
Other Assets	\$16,301	\$6,641	\$22,942
Total Assets	\$114,820	\$79,542	\$194,362
Liabilities			
Dep & Int.	\$71,000	\$48,000	\$119,000
Cur. Liabilities	\$9,158	\$15,888	\$25,046
LT Liabilities	\$15,500	\$5,810	\$21,310
Total Liab	\$95,658	\$69,698	\$165,356
Stockholders Equity			
Preferred Stock	\$691	\$ -	\$691
Common Stock	\$3,290	\$1,425	\$6,807
Retained Earnings	\$5,600	\$3,497	\$7,005
Total Equity	\$9,581	\$4,922	\$14,503
Total Liabilities and Equity	\$114,820	\$79,542	\$194,362

Chapter Five

CONCLUSION

Financial institutions have many benefits on their side to become the leading distributors of investment products. A few of these benefits include large, untapped client bases that have many branch locations with community ties. Today they are trying to expand into the insurance and retirement areas. These institutions are heading toward a time when they will offer every financial product available to the public by offering one stop shopping. The United States Supreme Court has paved the way for one stop shopping in the case of *Barnett Bank vs. Nelson*, the court held that national banks may sell insurance from towns of 5,000 people or less, even when state law prevents statement-chartered banks from doing so. The one stop concept maybe a concept that doesn't materialize because consumers don't want their financial institution to market and cross-sell to them.

According to an article in Bank Investment Marketing magazine, Snyergistics Research, a market research firm in Atlanta, recently asked 1,011 people whether they thought a single provider was a good idea. Forty-four percent either

rejected the idea or were ambivalent about it. When asked why, most said they could find better pricing, rates, and services by shopping around, but they had other misgivings as well. This same article stated that forty-one percent were moderate to very interested in a single provider, while the remaining fifteen percent currently do all their financial business with one company (pg 28).

This same article also referred to a market research conducted by the Spectrem Group of San Francisco. This group polled 2,000 households with an annual income of \$100,000 or more or a net worth of at least \$500,000, fifty-two percent of which said they would prefer to do all their financial business with one institution, which was down seven percent from the previous year. About sixty percent of these households said they already have a "primary" provider for their investment and savings business, and the top two providers control about eighty percent of these household's assets.

A survey conducted among twenty-five credit unions in the Minneapolis-St. Paul area with a seventy- percent response provided the following information. Of those credit unions responding forty-four percent offered full

service brokerages services to their members while fifty-six percent didn't offer brokerage services to their members. Of the forty-four percent of the credit unions offering brokerage services the brokerage services were a Branch Office of a broker/dealer and only one credit union was their own Introducing broker/dealer.

Insurance products and services were offered to ninety-four percent of the credit union members. The members, asset size, and membership size in that order determined the criteria used in deciding which products were offered to members of the credit union. Sixty-three percent of the members were in favor of one stop shopping for all their financial needs, but thirty-one percent didn't know how their members felt.

Consolidated statements for all financial transactions were offered to eighty-eight percent of the member of the area credit unions, but only thirty-one percent had access to their accounts via the Internet.

In a world where personal information is developed, traded, and employed by large corporations for profit consumers don't want organizations to know all their finances. Financial institutions are going to have to show

their customers the benefits of doing everything with them. One way to show the benefit would be to offer discounts for packaged services.

Financial service firms have shown a respectable performance despite the competition and much of the success can be attributed to a favorable economic situation. This is an indication that financial institution can provide an investment center for financial planning to their clients. The decision of whether to open a branch office, become an introducing broker/dealer, or undertake the acquisition of an existing office should only be made after a careful study. A study of the economic conditions of the potential clients, the locations of the investment centers, the capital to be invested in starting an investment center venture, and the experience in the financial planning industry are just some of the things to be aware of in making this decision.

A successful investment service must be translated into the opportunities and constraints relevant to their own business. An investment center is about finance and

economics and the ability to adapt rapidly to changes in the supply and demand factors that drive the business. The ability to understand and act in such an environment is the price of entry.

Appendix A

Client New Account Form

New Account Form									
Form #		1111		Raymond James Account #		Branch #		FA #	
Speed Dial #									
<input type="checkbox"/> ELITE INVESTMENT (MUST initial Ready Access (margin) and complete Elite application) <input type="checkbox"/> OPPORTUNITY ACCOUNT (Must complete Fee Schedule and Funding Document) <input type="checkbox"/> READY ACCESS (margin)									
<input type="checkbox"/> New Application <input type="checkbox"/> Update									
<input type="checkbox"/> CASH									
Account Classification <input type="checkbox"/> Individual <input type="checkbox"/> Tenants in Common <input type="checkbox"/> Custodial <input type="checkbox"/> Investment Club <input type="checkbox"/> Joint (WROS) <input type="checkbox"/> Corporation <input type="checkbox"/> Estate <input type="checkbox"/> IRA <input type="checkbox"/> Joint Tenants by Entirety <input type="checkbox"/> Partnership <input type="checkbox"/> Trust (EPISA) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other <input type="checkbox"/> Joint Community Property <input type="checkbox"/> Proprietorship - Name									
<input type="checkbox"/> I am <input type="checkbox"/> I am not subject to backup withholding under the provisions of section 3406(a)(1)(c) of the Internal Revenue Code. W-9 CERTIFICATION: Under penalties of perjury, I certify the information shown on this form is correct and complete.									
Legal Name (as it appears on Social Security card): Complete Account Title Mr. Mrs. Ms. Miss Tenants in Common % U.S. Social Security Number/Taxpayer ID Birthdate Mr. Mrs. Ms. Miss Tenants in Common % U.S. Social Security Number/Taxpayer ID (Joint) Birthdate (Joint)									
Meeting Address Legal Residence if Different than Meeting Address									
City State Zip Code									
Home Telephone Number Business Telephone Number Ext. City State Zip Code Country									
Name and Address for Duplicate: <input type="checkbox"/> Statement <input type="checkbox"/> Confirm <input type="checkbox"/> Bill									
<input type="checkbox"/> You may <input type="checkbox"/> You may not discuss my name, address, and security plan with requesting companies in which I hold securities under rule 144(e)-1 of the Securities and Exchange Commission.									
Related Account Numbers held at Raymond James Brokerage Firms Where You Have Accounts Initial Transaction Description/Amount <input type="checkbox"/> Buy <input type="checkbox"/> Sell <input type="checkbox"/> Deposit <input type="checkbox"/> Transfer									
Standing Instructions: Write one number on each line from the corresponding column. Buy Securities Buy Funds Sell Securities Sell Funds Cash Dividend Stock Dividend 1 Transfer & Ship 1 Wire Remit 1 Wire Debit 1 Send Check 1 Mail Check to Client 1 Transfer & Ship 2 Hold Street Name 2 From Account 2 From Account 2 Hold in Account 2 Hold in Account 2 Hold Street Name 3 Hold Client Name 3 Transfer from CIP* 3 From Account 3 Transfer to CIP* 3 Hold Principal Dividend 3 Hold Client Name 4 Transfer from Money Market* 4 Transfer to Money Market*									
<input type="checkbox"/> Heritage Cash Trust, or <input type="checkbox"/> Heritage Cash Trust Fund, and I acknowledge receipt of this instruction. *CP-Cash Interest Program for Cash Accounts Initiated by Raymond James FSB pursuant to agreement.									
OPTIONS ACCOUNT DISCLOSURE (Correspondent will require additional permission) To the extent that Raymond James & Associates, Inc. ("RJIA") may purchase, sell, endorse, handle or carry for the account of the undersigned client any put option, call option, or other option the undersigned client agrees to the terms and conditions of the "Client Agreement" and the additional terms and conditions as follows: 1. Where the undersigned client is long an option, which is about to expire in the money, RJIA is authorized in its sole discretion and without notification to exercise the option and liquidate the underlying stocks or instrument using its best efforts. This is no way to be construed as an obligation to sell or exercise such option. 2. The undersigned client acknowledges receipt of and has examined a current Option Disclosure Document issued by the various option exchanges, the NASD and the OCC and a descriptive pamphlet on the nature and risks of options prior to the last option transaction. 3. It shall be the sole responsibility of the undersigned client to ascertain, in a proper and timely manner, any right, privilege or obligation or any put option, call option or other option which RJIA may purchase, sell, endorse or carry for the account(s) of the undersigned client. 4. Where the undersigned client is a writer of any option on which an exercise notice has been assigned to RJIA, the undersigned client agrees to be bound by any allocation method selected by RJIA, that is fair and equitable, as provided for in the Current Option Disclosure Document. Exercise assignment notices for option contracts are allocated among customer short positions, are liable for assignment at any time, a more detailed description of our random allocation procedure is available upon request. Further, the undersigned client agrees that if an exercise notice is assigned to this account, the underlying security or instrument will be delivered to RJIA or sufficient collateral to prepay margin any short position resulting from such assignment within the stated period of time in the case of a call, and cash will be deposited with RJIA in the case of a put, sufficient to properly margin the security or instrument.									
CORRESPONDENT SRO USE ONLY — APPROVED FOR EQUITY & INDEX OPTION <input type="checkbox"/> 1. Covered <input type="checkbox"/> 2. Put Writing <input type="checkbox"/> 3. Uncovers Indexes <input type="checkbox"/> 4. Foreign Currency Options <input type="checkbox"/> 5. Purchase Puts to Hedge <input type="checkbox"/> 6. Correspondent Firm SRO Signature									
Raymond James & Associates, Inc. is an affiliate of Raymond James Bank, FSB, a federally chartered savings bank. Unless otherwise specified, products purchased from or held at Raymond James & Associates, Inc., are not insured by the FDIC, are not deposits or other obligations of Raymond James Bank, FSB, and are not guaranteed by Raymond James Bank, FSB, and are subject to investment risks, including possible loss of the principal invested.									
By signing below, I acknowledge that I have received, read, understand and agree to abide by all the terms and conditions set forth in the Client Agreement incorporated herein by this reference. The Client Agreement contains a binding arbitration clause and other provisions substantially affecting my rights. *** I have detached and retained the Client Agreement for my records. ***									
Client's Signature Date Financial Advisor's Signature Date									
Client's Signature (if applicable) Date Correspondent Firm Principal's Approval Date									
1130 1111 OF 897 Send Money may only to RJ New Account Open. All other orders to be received by Correspondent Firm. Client Agreement to be given to client.									
Annual Income <input type="checkbox"/> \$0 - \$20,000 <input type="checkbox"/> \$20,001 - \$30,000 <input type="checkbox"/> \$30,001 - \$40,000 <input type="checkbox"/> \$40,001 - \$50,000 <input type="checkbox"/> \$50,001 - \$60,000 <input type="checkbox"/> \$60,001 - \$70,000 <input type="checkbox"/> \$70,001 - \$80,000 <input type="checkbox"/> \$80,001 - \$90,000 <input type="checkbox"/> \$90,001 - \$100,000 <input type="checkbox"/> Over \$100,000									
Net Worth Excluding Personal Residence(s) <input type="checkbox"/> \$0 - \$20,000 <input type="checkbox"/> \$20,001 - \$30,000 <input type="checkbox"/> \$30,001 - \$40,000 <input type="checkbox"/> \$40,001 - \$50,000 <input type="checkbox"/> \$50,001 - \$60,000 <input type="checkbox"/> \$60,001 - \$70,000 <input type="checkbox"/> \$70,001 - \$80,000 <input type="checkbox"/> \$80,001 - \$90,000 <input type="checkbox"/> \$90,001 - \$100,000 <input type="checkbox"/> Over \$100,000									
Investment Experience Indicate Number of Years Mutual Funds Bonds Options/Futures Investment Knowledge <input type="checkbox"/> None <input type="checkbox"/> Limited <input type="checkbox"/> Moderate <input type="checkbox"/> Extensive									
Investment Goals Indicate One Primary Set of Goals (P). Should your client have a Secondary Set of Goals, indicate with an (S). Investment Time Horizon <input type="checkbox"/> Growth <input type="checkbox"/> Income <input type="checkbox"/> Tax Free Income <input type="checkbox"/> Less than 5 years <input type="checkbox"/> 5 to 10 years <input type="checkbox"/> Over 10 years <input type="checkbox"/> Short <input type="checkbox"/> Intermediate <input type="checkbox"/> Long <input type="checkbox"/> Low <input type="checkbox"/> Medium <input type="checkbox"/> High <input type="checkbox"/> Speculative									
Name of Employer Names of Joint Tenant's Employer (if applicable)									
Employer's Address Employer's Address									
Occupation Occupation									
Credit Reference <input type="checkbox"/> Rating <input type="checkbox"/> Rating									

Client Monthly Statement

Investment Portfolio Report for March 31 to April 28, 1995

Account ID: 12345675

MR. JOHN Q SMITH
1234 PLEASANT DRIVE
LARGO FLORIDA, 34644-4916

ACCOUNT EXECUTIVE
MARY JANE JONES
(616) 531-4186
4120 BIL CAGO DR SW
P.O. BOX 309
GRANDVILLE MI 49418
Branch ID: BSE 6357

Tax ID: 111-11-1111

Account Value

Assets Listed in Your Portfolio:	Amount	Percent of Portfolio
Cash/Credit Interest Program	\$53.01	0.0 %
Raymond James Bank, FSB	0.00	0.0 %
Money Market Funds	29,672.95	7.8 %
Stocks/Options/Closed-End Funds	57,140.75	14.9 %
Mutual Funds	41,221.17	10.8 %
Unit Investment Trusts	0.00	0.0 %
Corporate Bonds	0.00	0.0 %
Municipal Bonds	20,448.80	5.3 %
Government/Gov't Backed Securities	0.00	0.0 %
Asset Backed Securities	2,551.51	0.7 %
Insurance/Annuities	181,181.10	47.4 %
CD's	50,000.00	13.1 %
Other	0.00	0.0 %
Total Priced Assets	\$382,269.29	100.0 %

Liabilities:	
Ready Access Balance (Margin)	\$0.00
Short Sales	0.00
Total Liabilities	\$0.00

Net Value of Your Portfolio	\$382,269.29
Net Value of Your Portfolio on Prior Statement	\$374,523.98

Income & Expense Summary

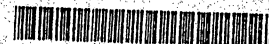
Income/Receipts:	This Statement	This Year
Dividends - Taxable	\$545.76	\$2,726.02
Dividends - non-taxable	72.50	362.50
Dividends - Heritage Money Mkt Fds	97.20	566.38
Interest - taxable	0.00	2,740.75
Interest - non-taxable	0.00	1,909.68
Interest - Credit Interest Program	0.00	0.00
Interest - Raymond James Bank, FSB	0.00	0.00
Income - Mutual Funds	179.02	1,367.16
Income - Other	0.00	0.00
Receipt of principal/capital	0.00	3,181.20
Cash In Lieu	0.00	0.00
Master Ltd Partnership distribution	0.00	0.00
Other Receipts	0.00	0.00
Total Income & Receipts	\$894.48	\$12,853.69

Expenses:	
Interest-Ready Access (Margin)/Other	\$0.00
Taxes withheld	0.00
Tax Withheld on Foreign Securities	0.00
Dividend/Interest charged	0.00
Total Expense	\$0.00

Net Income/Receipts and Expenses	\$894.48	\$12,853.69
----------------------------------	----------	-------------

If you have any questions, please contact your Account Executive or call our Client Services Department at 1-800-647-SERV.

Your statement is printed on both sides
to conserve paper and protect our environment.



YOUR PORTFOLIO

MR. JOHN Q SMITH

ACCOUNT ID: 12345675 04/28/95 PAGE 2

CASH/CREDIT INTEREST PROGRAM

Description	Estimated Value	Estimated Current Yield	Annual Projected Income
Cash	\$53.01		\$0.00
Total value for Cash/Credit Interest Program	\$53.01		\$0.00

RAYMOND JAMES BANK, FSB

Unless otherwise specified, products purchased from or held at Raymond James & Associates are not insured by the FDIC, are not deposits or other obligations of Raymond James Bank, FSB, are not guaranteed by Raymond James Bank and are subject to investment risk, including possible loss of the principal invested.

MONEY MARKET FUNDS

Shares	Description	Symbol	Estimated Price	Estimated Value	Estimated Current Yield	Annual Projected Income
29,672.950	Heritage Cash Trust		1.000	\$29,672.95	5.39%	\$1,599.37
	Total value for Money Market Funds			\$29,672.95		\$1,599.37

STOCKS/OPTIONS/CLOSED-END FUNDS

Shares/Contracts	Description	Symbol	Estimated Price	Estimated Value	Est. Div. per Share (Annual)	Annual Projected Income	Estimated Current Yield
1,000	AMERICAN ADJUSTABLE RATE TERM TRUST - 1996	BDJ	8.625	\$8,625.00	1.39	\$90.00	4.52%
200	AMERICAN ADJUSTABLE RATE TERM TRUST - 1998	DDJ	8.125	\$1,625.00	.51	\$12.00	6.28%
24,000	AMERICAN ADJUSTABLE RATE TERM TRUST - 1999	EDJ	8.000	\$192,000.00	.54	\$1,296.00	6.75%
279	FIRST MICHIGAN BANK CORP	FHBC	24.250	\$6,765.75	.76	\$212.04	3.11%
	Total value for priced Stocks/Options/Closed-End Funds			\$57,140.75		\$3,374.04	



YOUR PORTFOLIO

MR. JOHN Q. SMITH

ACCOUNT ID: 12345675 04/28/95 PAGE 3

MUTUAL FUNDS

Shares	Description	Symbol	Estimated Price	Estimated Value	Est. Div. per Share (Annual)	Annual Estimated Projected Income	Estimated Current Yield
4,913.131	SELIGMAN MICHIGAN TAX EXEMPT FUND CLASS A	STENX	8.390	\$41,221.17	\$46	\$2,260.04	5.48%
Total value for priced Mutual Funds				\$41,221.17		\$2,260.04	

MUNICIPAL BONDS

Face Value	Description	CUSIP ID	Estimated Price	Estimated Value	Interest Rate	Annual Projected Income	Maturity Date	Call Date/Price
20,000	KALAMAZOO MICHIGAN WATER REVENUE SUPPLY SYSTEM REFUNDING	483278FA0	102.244	\$20,448.80	5.700%	\$1,140.00	09/01/04	09/01/02 101.500
Total value for priced Municipal Bonds				\$20,448.80		\$1,140.00		

ASSET BACKED SECURITIES

Face Value	Description	Remaining Principal & Percent	Estimated Price	Estimated Value	Interest Rate	Annual Projected Income	Maturity Date	Call Date/Price
25,000	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION POOL #38240	2,269.70 9.07882%	112.416	\$2,551.51	11.000%	\$249.66	03/15/10	
Total value for priced Asset Backed Securities				\$2,551.51		\$249.66		

Your statement is printed on both sides



YOUR PORTFOLIO

MR. JOHN Q SMITH

ACCOUNT ID: 12345675

04/28/95 PAGE 4

INSURANCE/ANNUITIES

Insurance and annuity policies are not held by Raymond James & Associates, Inc. Contract statistics and values are provided for informational purposes only, and may not reflect all of your policies. The valuation amounts and fund allocations, supplied by the issuing insurance company, reflect values and withdrawals as of the stated valuation date, but may not reflect any applicable surrender penalties or market value adjustments. Policy statements are sent directly to the contract owner by the insurance companies. All policies are individually owned, and may differ from the registration of your Raymond James account. Values may pertain to a qualified or non-qualified plan registered with the insurance company. The amount invested shown is the sum of all contributions made, but does not reflect any withdrawals that may have been taken.

Amount Invested	Annuity/Description Policy #/Issue Date Sub Accounts	Unit Price	Number of Units	Estimated Value	Valuation Date	Annual Projected Income
\$160,636.25	NATIONWIDE-BEST OF AMERICA44 #010742690 05/19/93					
	FIXED			133,374.10	06/07/95	
	IRV TOTAL RET	46.523091	506.717959	23,574.08	06/07/95	
	FIDELITY GROWTH	29.223787	829.219138	24,232.92	06/07/95	
	Total Policy Value			181,181.10		
	Total value for priced Insurance/Annuities			\$181,181.10		

CERTIFICATES OF DEPOSIT

Face Value	Description	CUSIP ID	Estimated Price	Estimated Value	Interest Rate	Annual Projected Income	Maturity Date	Call Date/ Price
\$50,000	FIRST FEDERAL BANK IRVINE CA	7450680AT2	\$100,000	\$50,000.00	4.450%	\$3,225.00	10/03/99	
	CERTIFICATE OF DEPOSIT			\$50,000.00		\$3,225.00		
	Total value for priced Certificates of Deposit			\$50,000.00		\$3,225.00		
	TOTAL VALUE FOR PRICED PORTFOLIO & PROJECTED INCOME			\$382,269.29		\$11,848.11		



YOUR TRANSACTIONS

MR. JOHN Q. SMITH

ACCOUNT ID: 12345675

04/28/95 PAGE 5

INVESTMENT ACCOUNT ACTIVITY

HERITAGE MONEY MARKET

Date	Description	Income/ Expense(-)	Deposits/ Withdrawals(-)	Sells/ Buys(-)	Cash Balance	Activity	Balance
1995	OPENING BALANCE				409.50		28,601.00
Apr 03	Transfer to Money Market				0.00	409.50	29,010.50
Apr 18	Mutual Fund Dividend Received & Reinvested Purchased 21,061 shares @ \$9.50007	179.02		179.02	0.00		
	SELIGMAN MICHIGAN TAX EXEMPT FUND CLASS A						
Apr 26	Dividend on 1000 shares AMERICAN ADJUSTABLE RATE	12.50			12.50		
	TERM TRUST - 1996						
Apr 26	Dividend on 4000 shares AMERICAN ADJUSTABLE RATE TERM TRUST - 1999	180.00			212.50		
Apr 26	Dividend on 1200 shares AMERICAN ADJUSTABLE RATE	51.00			263.50		
	TERM TRUST - 1998						
Apr 26	Non-taxable dividend on 1000 shares AMERICAN MUNICIPAL INCOME PORTFOLIO INCORPORATED	72.50			336.00		
Apr 26	Dividend on 400 shares AMERICAN STRATEGIC INCOME PORTFOLIO III	42.50			378.50		
Apr 26	Dividend on 1660 shares AMERICAN STRATEGIC INCOME PORTFOLIO II	186.75			565.25		
Apr 27	Transfer to Money Market				0.00	565.25	29,375.75
Apr 28	Dividend on 279 shares FIRST MICHIGAN BANK CORP	53.01			53.01		
Apr 28	Activity on Money Market INCOME DIVIDEND (REINVEST)					97.20	29,672.95
NET ACTIVITY/ENDING BALANCES		\$797.28	\$0.00	\$179.02-	\$53.01	\$1,071.95	\$29,672.95

Your statement is printed on both sides



Client Confirmation of Sell Order

SELL CONFIRMATION

ACCOUNT ID: 50450076
TRADE DATE: 12/10/93
SETTLEMENT DATE: 12/17/93

BLANCH W. TROUTBECK TRUST
BERNARD & Blanch TROUTBECK
CO TTEE'S U/A/D/ 09/26/88
FBO BLANCH W TROUTBECK
12098 HARBOUR TOWN CENTER
BOCA RATON FL 33498-4723

Your Account Executive:
DENNIS ZANK
Phone: (813) 573-3800
Branch ID: 32A0062

Dear Client:

This is to confirm that the following transaction was completed in your account on a solicited basis. Thank you for the opportunity to service your investment account. We encourage you to review the information on this confirmation. If you have a question, please contact your Account Executive, DENNIS ANK at (813) 573-3800 or our Client Services Department at 1-800-647-SERV.

STOCK TRANSACTION SUMMARY

SOLD: 100 shares of AMERICAN TELEPHONE & Telegraph, symbol T, at \$58.25 per share

<u>Trade Amount</u>	<u>Commission</u>	<u>Handling</u>	<u>Net Amount</u>
\$5,825.00	\$95.00	\$3.00	\$5,726.80

Most clients choose to have our firm hold their securities for insured safekeeping and to facilitate transfer upon sale. If you have possession of this security, please deliver it to us by December 17, 1993. Unless you have advised us otherwise, we will follow the instructions set upon your account to process the proceeds of this transaction.

This transaction was executed on an agency basis on the New York Stock Exchange. The industry standard identification number (CUSIP) assigned to this security is 030177109. Other information regarding the execution of this transaction, including the date and time of the transaction, will be furnished upon written request.

We sincerely hope that you are pleased with the quality of the investment and support services which you are receiving. If you know of other investors who could benefit from our services, please refer them to your Account Executive.

Thank you for doing business with us.

01 121393 13170

Client Confirmation of Buy Order

BUY CONFIRMATION

ACCOUNT ID: 50450076
TRADE DATE: 12/10/93
SETTLEMENT DATE: 12/17/93

BLANCH W. TROUTBECK TRUST
BERNARD & Blanch TROUTBECK
CO TTEE'S U/A/D/ 09/26/88
FBO BLANCH W TROUTBECK
12098 HARBOUR TOWN CENTER
BOCA RATON FL 33498-4723

Your Account Executive:
DENNIS ZANK
Phone: (813) 573-3800
Branch ID: 32A0062

Dear Client:

This is to confirm that the following transaction was completed in your account on a solicited basis. Thank you for the opportunity to service your investment account. We encourage you to review the information on this confirmation. If you have a question, please contact your Account Executive, DENNIS ANK at (813) 573-3800 or our Client Services Department at 1-800-647-SERV.

STOCK TRANSACTION SUMMARY

BOUGHT: 100 shares of AMERICAN TELEPHONE & Telegraph, symbol T, at \$56 1/4 per share

<u>Trade Amount</u>	<u>Commission</u>	<u>Handling</u>	<u>Net Amount</u>
\$5,675.00	\$85.00	\$3.00	\$5,763.00

Most clients choose to pay for transactions automatically with funds held in either their Heritage Cash Trust, Heritage Cash Trust Municipal or the broker/dealer Credit Interest Program. If your account does not currently have sufficient funds to pay for this transaction, or you pay for transactions individually, please forward payment to reach us by December 17, 1993. For proper credit, please write your account ID on the front of any checks sent to us and make them payable to broker/dealer. Unless you have advised us otherwise, we will follow the instructions set up on your account to process this transaction.

This transaction was executed on an agency basis on the New York Stock Exchange. The industry standard identification number (CUSIP) assigned to this security is 030177109. The standard trading symbol for this stock is T and the primary market is the New York Stock Exchange. While some newspapers may refer to the standard trading symbol, your local newspaper may use varying abbreviations for securities listings. Other information regarding the execution of this transaction, including the date and time of the transaction, will be furnished upon written request.

This trade has been executed for you at a preferred commission rate at your Account Executive's instruction.

This stock currently pays a dividend which is estimated at \$1.32 per share annually. These dividends are generally subject to federal, state and/or local taxes. If we hold your securities in street name, we will report these dividends to you at year end on Form 1099-DIV for use in preparing your tax return.

We sincerely hope that you are pleased with the quality of the investment and support services which you are receiving. If you know of other investors who could benefit from our services, please refer them to your Account Executive.

Thank you for doing business with us.

01 121393 13170

Broker/Dealer Application

FORM BD PAGE 1 (Execution Page) (REV. 2/98)	UNIFORM APPLICATION FOR BROKER-DEALER REGISTRATION	OFFICIAL USE	10-BROKER 10-10-10-10
Date: _____ SEC. File No.: _____ Firm CRD No.: _____			
WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise to comply with the provisions of law applying to the conduct of business as broker-dealer would violate the Federal securities laws and the laws of the jurisdictions and may result in disciplinary, administrative, injunctive or criminal action. INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS.			
<input type="checkbox"/> APPLICATION <input type="checkbox"/> AMENDMENT			
1. Exact name, principal business address, mailing address, if different, and telephone number of applicant: A. Full name of applicant (if sole proprietor, state last, first and middle name): _____ B. IRS Empl. Ident. No.: _____ C. (1) Name under which broker-dealer business primarily is conducted, if different: _____ (2) List on Schedule D any other name by which the firm conducts business. _____ D. If this filing makes a name change on behalf of the applicant, enter the previous name and specify whether the name change is of the applicant name (1A) or business name (1C): _____ <input type="checkbox"/> (1A) <input type="checkbox"/> (1C) E. Firm main address: (Do not use a P.O. Box) _____ (Number and Street) _____ (City) _____ (State/Country) _____ (Zip+4/Postal Code) _____ F. Mailing address, if different: _____ G. Business Telephone Number: _____ (Area Code) _____ (Telephone Number) _____ H. Contact Employee: _____ (Name and Title) _____ (Area Code) _____ (Telephone Number) _____			
EXECUTION: For the purposes of complying with the laws of the State(s) designated in Item 2 relating to either the offer or sale of securities or commodities, the undersigned and applicant hereby certify that the applicant is in compliance with applicable state surety bonding requirements and irrevocably appoint the administrator of each of those State(s) or such other person designated by law, and the successors in such office, attorney for the applicant in said State(s), upon whom may be served any notice, process, or pleading in any action or proceeding against the applicant arising out of or in connection with the offer or sale of securities or commodities, or out of the violation or alleged violation of the laws of those State(s), and the applicant hereby consents that any such action or proceeding against the applicant may be commenced in any court of competent jurisdiction and proper venue within said State(s) by service of process upon said appointee with the same effect as if applicant were a resident in said State(s) and had lawfully been served with process in said State(s). The applicant consents that service of any civil action brought by or notice of any proceeding before the Securities and Exchange Commission or any self-regulatory organization in connection with the applicant's broker-dealer activities, or of any application for a protective decree filed by the Securities Investor Protection Corporation, may be given by registered or certified mail or confirmed telegram to the applicant's contact employee at the main address, or mailing address if different, given in Items 1E and 1F. The undersigned, being first duly sworn, deposes and says that he/she has executed this form on behalf of, and with the authority of, said applicant. The undersigned and applicant represent that the information and statements contained herein, including exhibits attached hereto, and other information filed herewith, all of which are made a part hereof, are current, true and complete. The undersigned and applicant further represent that to the extent any information previously submitted is not amended, such information is currently accurate and complete. Date (MM/DD/YYYY) _____ Name of Applicant _____ By: _____ Print Name and Title _____ Subscribed and sworn before me this _____ day of _____, _____, by _____, Notary Public. My Commission expires _____ County of _____ State of _____ This page must always be completed in full with original, manual signature and notarization. To amend, circle items being amended. Affix notary stamp or seal where applicable. DO NOT WRITE BELOW THIS LINE - FOR OFFICIAL USE ONLY			

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM BD PAGE 2 (REV. 2/98)	Applicant Name: _____ Date: _____ Firm CRD No.: _____	OFFICIAL USE <small>OFFICIAL USE ONLY</small>
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2. Indicate in the boxes below each jurisdiction in which the applicant is registered or wishes to register as a broker-dealer. If any registration, license, or membership listed is of a restricted nature, explain fully on Schedule D.

☐ SECURITIES AND EXCHANGE COMMISSION

S E C	<input type="checkbox"/>	ASE	<input type="checkbox"/>	SSE	<input type="checkbox"/>	CSE	<input type="checkbox"/>	MSE	<input type="checkbox"/>	NASD	<input type="checkbox"/>	NYSE	<input type="checkbox"/>	PHLX	<input type="checkbox"/>	PSE	<input type="checkbox"/>	OTHER (Specify) _____
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J U R I S D I C T I O N	<input type="checkbox"/>	AK	<input type="checkbox"/>	AL	<input type="checkbox"/>	AR	<input type="checkbox"/>	AZ	<input type="checkbox"/>	CA	<input type="checkbox"/>	CO	<input type="checkbox"/>	CT	<input type="checkbox"/>	DC	<input type="checkbox"/>	DE	<input type="checkbox"/>	FL	<input type="checkbox"/>	GA	<input type="checkbox"/>	HI	<input type="checkbox"/>	IA
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

3. Indicate date and place applicant obtained its legal status (i.e., place of incorporation, where partnership agreement was filed, or where applicant entity was formed):

Date of formation: _____ Place of formation _____ of _____
(MM/DD/YY)

☐ Corporation ☐ Partnership ☐ Sole Proprietorship ☐ Other (specify) _____

Applicant's fiscal year ends: _____
(MM/YY)

Schedule A and, if applicable, Schedule B must be completed as part of all initial applications. Amendments to these Schedules must be provided on Schedule C.

4. If applicant is a sole proprietor, state full residence address and Social Security Number.

Social Security Number: _____

(Number and Street) (City) (State/Country) (Zip + 4/Postal Code)

5. Is applicant at the time of this filing succeeding to the business of a currently registered broker-dealer?
 (Do not report previous successions already reported on Form BD) _____
 If "yes," answer the questions below and describe the details of the succession on Schedule D.

YES NO
☐ ☐

A. Date of Succession: _____

B. Name of Predecessor: _____

IRS Empl. Ident. No.: _____ Firm CRD No. (if any): _____ SEC File No.: _____

6. Does any person not named in Item 1 or Schedules A, B, or C, directly or indirectly:

YES NO

A. Control the management or policies of applicant through agreement or otherwise? See instructions for Definition of Control. (If yes, state on Schedule D the exact name of each person and describe the basis for the person's control.) _____
☐ ☐ 1

B. Wholly or partially finance the business of applicant in any manner other than by: (1) a public offering of securities made pursuant to the Securities Act of 1933; (2) credit extended in the ordinary course of business by suppliers, banks and others; or a satisfactory subordination agreement, as defined in Rule 15c3-1 under the Securities Exchange Act of 1934 (17 CFR 240.15c3-1)? (If "yes," state on Schedule D the exact name of each person and describe the agreement or arrangement through which such financing is made available, including the amount thereof.) _____
☐ ☐ 2

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM BD PAGE 3 (REV. 2/98)		Applicant Name: _____ Date: _____ Firm CRD No.: _____		OFFICIAL USE	OFFICIAL USE ONLY
7A (1) In the past ten years, has the applicant or a control affiliate been convicted of or pleaded guilty or nolo contendere ("no contest") in a domestic, foreign or military court to:				YES	NO
(a) any felony -OR-					
(b) a misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, or bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?				<input type="checkbox"/>	<input type="checkbox"/> 3
(2) In the past ten years has the applicant or a control affiliate been charged with any felony or charged with a misdemeanor specified in question A(1)(b) in a domestic, foreign or military court?				<input type="checkbox"/>	<input type="checkbox"/> 4
7B Has any domestic or foreign court:					
(1) in the past ten years, enjoined the applicant or a control affiliate in connection with any investment-related activity?				<input type="checkbox"/>	<input type="checkbox"/> 5
(2) (a) ever found that the applicant or a control affiliate was involved in a violation of investment-related statute(s) or regulation(s) -OR-					
(b) ever dismissed, pursuant to a settlement agreement, an investment-related civil action brought against the applicant or a control affiliate by a state or foreign financial regulatory authority?				<input type="checkbox"/>	<input type="checkbox"/> 6
7C Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:					
(1) found the applicant or a control affiliate to have made a false statement or omission?				<input type="checkbox"/>	<input type="checkbox"/> 7
(2) found the applicant or a control affiliate to have been involved in a violation of its regulations or statutes?				<input type="checkbox"/>	<input type="checkbox"/> 8
(3) found the applicant or a control affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?				<input type="checkbox"/>	<input type="checkbox"/> 9
(4) entered an order against the applicant or a control affiliate in connection with investment-related activity?				<input type="checkbox"/>	<input type="checkbox"/> 10
(5) imposed a civil money penalty on the applicant or a control affiliate, or ordered the applicant or a control affiliate to cease and desist from any activity?				<input type="checkbox"/>	<input type="checkbox"/> 11
7D Has any other federal regulatory agency or any state regulatory agency or foreign financial regulatory authority (Note: This introduction to the question pertains to items 7D (1-5) only):					
(1) ever found the applicant or a control affiliate to have made a false statement or omission or been dishonest, unfair or unethical?				<input type="checkbox"/>	<input type="checkbox"/> 12
(2) ever found the applicant or a control affiliate to have been involved in a violation of investment-related regulation(s) or statute(s)?				<input type="checkbox"/>	<input type="checkbox"/> 13
(3) ever found the applicant or a control affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?				<input type="checkbox"/>	<input type="checkbox"/> 14
(4) in the past ten years, entered an order against the applicant or a control affiliate in connection with investment-related activity?				<input type="checkbox"/>	<input type="checkbox"/> 15
(5) ever denied, suspended, or revoked the applicant's or a control affiliate's registration or license or otherwise, by order, prevented it from associating with an investment-related business or restricted its activities?				<input type="checkbox"/>	<input type="checkbox"/> 16
7D (6) Has the applicant's or a control affiliate's authorization to act as an attorney, accountant, or federal contractor ever been revoked or suspended?				<input type="checkbox"/>	<input type="checkbox"/> 17

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Answer all items. Complete amended pages in full, circle amended items and file with excursion page (page 1).

FORM BD		OFFICIAL USE		OFFICIAL PAGE ONLY
PAGE 4 (REV. 2/98)				
Applicant Name: _____				
Date: _____		Firm CRD No.: _____		
7E: Has any self-regulatory organization or commodities exchange ever:		YES	NO	
(1) found the applicant or a control affiliate to have made a false statement or omission?		<input type="checkbox"/>	<input type="checkbox"/>	17
(2) found the applicant or a control affiliate to have been involved in a violation of its rules (other than a violation designated as a "minor rule violation" under a plan approved by the U.S. Securities and Exchange Commission)?		<input type="checkbox"/>	<input type="checkbox"/>	18
(3) found the applicant or a control affiliate to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted?		<input type="checkbox"/>	<input type="checkbox"/>	19
(4) disciplined the applicant or a control affiliate by expelling or suspending it from membership, barring or suspending its association with other members, or otherwise restricting its activities?		<input type="checkbox"/>	<input type="checkbox"/>	20
7F: Is the applicant or a control affiliate now the subject of any civil proceeding that could result in a "yes" answer to any part of 7B?		<input type="checkbox"/>	<input type="checkbox"/>	21
7G: Is the applicant or a control affiliate now the subject of any regulatory proceeding that could result in a "yes" answer to any part of 7C, D, or E?		<input type="checkbox"/>	<input type="checkbox"/>	22
7H: Has a bonding company ever denied, paid out on, or revoked a bond for the applicant?		<input type="checkbox"/>	<input type="checkbox"/>	23
7I: Does the applicant have any unsatisfied judgments or liens against it?		<input type="checkbox"/>	<input type="checkbox"/>	24
7J: In the past ten years has the applicant or a control affiliate of the applicant been a securities firm or a control affiliate of a securities firm that:				
(1) has been the subject of a bankruptcy petition		<input type="checkbox"/>	<input type="checkbox"/>	25
(2) has had a trustee appointed or a direct payment procedure initiated under the Securities Investor Protection Act?		<input type="checkbox"/>	<input type="checkbox"/>	26
8: Does applicant:				
A. have any arrangement with any other person, firm or organization under which:				
(1) any of the accounts or records of applicant are kept or maintained by such person, firm, or organization?		<input type="checkbox"/>	<input type="checkbox"/>	27
(2) the funds or securities of applicant or of any of its customers are held or maintained by such other person, firm or organization (other than a bank or satisfactory control location as defined in paragraph (c) of Rule 15c3-3 under the Securities Exchange Act of 1934, 17CFR 240.15c3-3)?		<input type="checkbox"/>	<input type="checkbox"/>	28
B. have any arrangements with any other broker or dealer under which applicant refers or introduces customers to such other broker or dealer?		<input type="checkbox"/>	<input type="checkbox"/>	29
If the answer to any subsection of Item 8 is "yes," furnish full details on Schedule D as to each such arrangement, including the full name and principal business address of the other person, firm, or organization, and a summary of each such arrangement. Clearly label the subsection of Item 8 to which the details of each arrangement are provided.				
9: Directly or indirectly, does applicant control, is applicant controlled by, or is applicant under common control with any partnership, corporation, or other organization engaged in the securities or investment advisory business?		<input type="checkbox"/>	<input type="checkbox"/>	30
If the answer to Item 9 is "yes," state full name and principal business address of such partnership, corporation, or other organization and describe the nature of control on Schedule D. If any of the control affiliates are registered through the CRD system, indicate the Firm CRD number to aid in identification. See instructions for Definition of Control.				

FORM BD PAGE 5 (REV. 2/98)		Date: _____ Firm CRD No.: _____	Applicant Name: _____
<p>Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).</p>			
<p>Check types of business engaged in (or to be engaged in, if not yet active) by applicant. Do not check any category that accounts for (or is expected to account for) less than 1% of annual revenue from the securities or investment advisory business.</p>			
<p>A. Exchange member engaged in exchange commission business other than floor activities</p> <p>B. Exchange member engaged in floor activities</p> <p>C. Broker or dealer making inter-dealer markets in corporate securities over-the-counter</p> <p>D. Broker or dealer retailing corporate equity securities over-the-counter</p> <p>E. Broker or dealer selling corporate debt securities</p> <p>F. Underwriter or selling group participant (corporate securities other than mutual funds)</p> <p>G. Mutual fund underwriter or sponsor</p> <p>H. Mutual fund retailer</p> <p>I. U.S. government securities dealer</p> <p>J. U.S. government securities broker</p> <p>K. Municipal securities dealer</p> <p>L. Broker or dealer selling variable life insurance or annuities</p> <p>M. Solicitor of time deposits in a financial institution</p> <p>N. Real estate syndicator</p> <p>O. Broker or dealer selling oil and gas interests</p> <p>P. Put and call broker or dealer or option writer</p> <p>Q. Broker or dealer selling securities of only one issuer or associate issuers (other than mutual funds)</p> <p>R. Broker or dealer selling securities of non-profit organizations (e.g., churches, hospitals)</p> <p>S. Investment advisory services</p> <p>T. 1. Broker or dealer selling tax shelters or limited partnerships in primary distributions</p> <p>2. Broker or dealer selling tax shelters or limited partnerships in the secondary market</p> <p>U. Non-exchange member arranging for transactions in listed securities by exchange member</p> <p>V. Trading securities for own account</p> <p>W. Private placements of securities</p> <p>X. Broker or dealer selling interests in mortgages or other receivables</p> <p>Y. Other (give details on Schedule D)</p>			
<p>11. A. Does applicant effect transactions in commodity futures, commodities or commodity options as a broker for others or dealer for its own account? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>B. Does applicant engage in any other non-securities business? If "yes," describe each other business briefly on Schedule D. <input type="checkbox"/> YES <input type="checkbox"/> NO</p>			
<p>12. Is applicant applying for or continuing an existing registration solely as a government securities broker or dealer pursuant to Section 15C of the Securities Exchange Act of 1934? <input type="checkbox"/> YES <input type="checkbox"/> NO</p>			
<p>13. Notes of Government Securities Activities</p> <p>A. Is applicant registered (or registering) as a broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 and also acting or intending to act as a government securities broker or dealer in addition to other broker-dealer activities? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>B. Is applicant carrying its activities as a government securities broker or dealer? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>(Do not answer "yes" unless previously answered "yes" to Question 13A.)</p>			

[illegible]

13	FIRM CRD #	SOCIAL SECURITY #	APPLICANT'S CRD #
	FIRM NFA #		APPLICANT'S NFA #

[illegible]

29 Are you currently engaged in any other business (not shown above) either as a proprietor, partner, officer, director, trustee, employee, agent or otherwise?
☐ YES ☐ NO If "YES", please explain below:

Rev. Form U-6 (11/1977)

FORM U-4

UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER
If there is an amendment to this page, complete only item 21 and items being amended.

FIRM CRD #	FIRM NFA #	SOCIAL SECURITY #	APPLICANT'S CRD #	APPLICANT'S NFA #
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IN THE ANSWERS TO ANY OF THE FOLLOWING QUESTIONS IS "YES" AND YOU CANNOT UTILIZE THE CERTIFICATION IN ITEM 22D BELOW, ATTACH COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON DRP(S).

REFER TO THE EXPLANATION OF TERMS SECTION OF FORM U-4 INSTRUCTIONS FOR EXPLANATIONS OF ITALICIZED TERMS.

	YES	NO		YES	NO	
22A. Have you, or based upon activities that occurred while you exercised control over it, has an organization ever been convicted of or pled guilty or not guilty to a felony or misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, or bribery, extortion, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? (If "no" contact "I" in a domestic, foreign or military court.)	<input type="checkbox"/>	<input type="checkbox"/>	1	<input type="checkbox"/>	<input type="checkbox"/>	20
(1) a felony or misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, or bribery, extortion, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	<input type="checkbox"/>	<input type="checkbox"/>	1	<input type="checkbox"/>	<input type="checkbox"/>	20
(2) This question intentionally left blank.	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>	<input type="checkbox"/>	
(3) any other felony?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
22B. Have you, or based upon activities that occurred while you exercised control over it, has an organization ever been charged with any felony or charged with a misdemeanor specified in question A in a domestic, foreign or military court?	<input type="checkbox"/>	<input type="checkbox"/>	4	<input type="checkbox"/>	<input type="checkbox"/>	
22C. Has any domestic or foreign court ever:	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>	
(1) enjoined you in connection with any investment-related activity?	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>	
(2) (a) found that you were involved in a violation of any investment-related statute or regulation?	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>	
(b) denied, pursuant to a settlement agreement, an investment-related civil action brought against you by a state or foreign financial regulatory authority?	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>	
22D. Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	
(1) found you to have made a false statement or omission?	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	
(2) found you to have been involved in a violation of its regulations or statutes?	<input type="checkbox"/>	<input type="checkbox"/>	8	<input type="checkbox"/>	<input type="checkbox"/>	
(3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input type="checkbox"/>	9	<input type="checkbox"/>	<input type="checkbox"/>	
(4) entered an order against you in connection with investment-related activity?	<input type="checkbox"/>	<input type="checkbox"/>	10	<input type="checkbox"/>	<input type="checkbox"/>	
(5) imposed a civil money penalty on you, or ordered you to cease and desist from any activity?	<input type="checkbox"/>	<input type="checkbox"/>	10A	<input type="checkbox"/>	<input type="checkbox"/>	
22E. Has any other federal regulatory agency or any state regulatory agency or foreign financial regulatory authority ever (hereinafter "the question pertains to items 22E (1)-(4) only):	<input type="checkbox"/>	<input type="checkbox"/>	11	<input type="checkbox"/>	<input type="checkbox"/>	
(1) found you to have made a false statement or omission or been convicted, under or threatened?	<input type="checkbox"/>	<input type="checkbox"/>	11	<input type="checkbox"/>	<input type="checkbox"/>	
(2) found you to have been involved in a violation of investment-related regulations or statutes?	<input type="checkbox"/>	<input type="checkbox"/>	12	<input type="checkbox"/>	<input type="checkbox"/>	
(3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input type="checkbox"/>	13	<input type="checkbox"/>	<input type="checkbox"/>	
(4) entered an order against you in connection with investment-related activity?	<input type="checkbox"/>	<input type="checkbox"/>	14	<input type="checkbox"/>	<input type="checkbox"/>	
(5) denied, suspended, or revoked your registration or license or otherwise, by order, prevented you from associating with an investment-related business or restricted your activities?	<input type="checkbox"/>	<input type="checkbox"/>	15	<input type="checkbox"/>	<input type="checkbox"/>	
(6) Has your authorization to act as an attorney, accountant or federal contractor ever been revoked or suspended?	<input type="checkbox"/>	<input type="checkbox"/>	16	<input type="checkbox"/>	<input type="checkbox"/>	
22F. Has any self-regulatory organization or commodities exchange ever:	<input type="checkbox"/>	<input type="checkbox"/>	17	<input type="checkbox"/>	<input type="checkbox"/>	
(1) found you to have made a false statement or omission?	<input type="checkbox"/>	<input type="checkbox"/>	17	<input type="checkbox"/>	<input type="checkbox"/>	
(2) found you to have been involved in a violation of its rules (other than a violation designated as a "minor rule violation" under a plan approved by the U.S. Securities and Exchange Commission)?	<input type="checkbox"/>	<input type="checkbox"/>	18	<input type="checkbox"/>	<input type="checkbox"/>	
(3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted?	<input type="checkbox"/>	<input type="checkbox"/>	19	<input type="checkbox"/>	<input type="checkbox"/>	
(4) disciplined you by expelling or suspending you from membership, barring or suspending your association with its members, or restricting your activities?	<input type="checkbox"/>	<input type="checkbox"/>	20	<input type="checkbox"/>	<input type="checkbox"/>	
22G. Within the past twenty-four (24) months, have you been the subject of an investment-related, consumer-related, written complaint, not otherwise reported under questions 22H(1) or 22H(2) which:	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
(1) alleged that you were involved in one or more sales practice violations and constituted a claim for compensatory damages of \$5,000 or more (Note: if no damage amount is alleged, the complaint must be reported unless the firm has made a good faith determination that the damages from the alleged conduct would be less than \$5,000.)	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
(2) alleged that you were involved in forgery, theft, misappropriation or conversion of funds or securities?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	21
22H. (1) Have you ever been named as a respondent (defendant) in an investment-related, consumer-related arbitration or civil litigation which alleged that you were involved in one or more sales practice violations and which:	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
(a) is still pending,	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
(b) resulted in an arbitration award or civil judgment against you, regardless of amount,	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
(c) was settled for an amount of \$10,000 or more?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	22
(2) Have you ever been the subject of an investment-related, consumer-related written complaint, not otherwise reported under question 22G(1) above, which alleged that you were involved in one or more sales practice violations, and which complaint was settled for an amount of \$10,000 or more?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	23
22I. (1) Have you been notified, in writing, that you are now the subject of any investigation, regulatory complaint or proceeding that could result in a "yes" answer to any part of 22A, B, D, E, or F?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
(2) Have you been named in any pending investment-related civil action that could result in a "yes" answer to any part of 22C?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	24
22J. Has a bonding company ever denied, paid out on, or revoked a bond for you?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	25
22K. Do you have any unsatisfied judgments or liens against you?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	26
22L. Within the past 10 years have you, or based upon events that occurred while you exercised control over it, has an organization made a settlement with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	27
22M. Within the past 10 years, based upon events that occurred while you exercised control over it, has a broker or dealer been the subject of an involuntary bankruptcy petition, or had a trustee appointed, or had a direct payment procedure initiated under the Securities Investor Protection Act?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	28
22N. Have you ever voluntarily resigned, been discharged or permitted to resign after allegations were made that accused you of:	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
(1) violating investment-related statutes, regulations, rules or industry standards of conduct?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	29
(2) fraud or the wrongful taking of property?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	30
(3) failure to supervise in connection with investment-related statutes, regulations, rules or industry standards of conduct?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	31

DISCLOSURE CERTIFICATION (OPTIONAL)

This may certify in the country and jurisdiction of the disclosure information in your Form U-4 has been fully provided in DRP Form(s), if DRP(s) are not so filed, do not answer these certification boxes. Provide full details of all matters on DRP(s). All questions in item 22 must be answered, regardless of whether the certification is being utilized. Refer to this Form U-4 Instructions for additional information on the utilization of the certification language.

22O. I have received a copy of my disclosure file taken from the CRD system. I acknowledge that all information contained therein is fully correct, accurate and in DRP format. I further certify the following:

(1) I have no new information to add to my disclosure file. ☐ 32

(2) I have new information to add to my disclosure file which is reported on the attached DRP(s). ☐ 33

(3) I have updated information, reported on the attached DRP(s) which was previously reported. ☐ 34

The applicant and appropriate signatory area DOES NOT have to be completed UNLESS this page is being submitted as an amendment.

MONTH _____ DAY _____ YEAR _____	SIGNATURE OF APPLICANT
TYPE OR PRINT NAME OF APPLICANT: _____	
MONTH _____ DAY _____ YEAR _____	SIGNATURE OF APPROPRIATE SIGNATORY
TYPE OR PRINT NAME OF APPROPRIATE SIGNATORY: _____	

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FORM U-4
UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER
If there is an amendment to this page, complete only item 2.3 and items being amended.

FIRM CRD # FIRM NFA #	SOCIAL SECURITY #	APPLICANT'S CRD # APPLICANT'S NFA #
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THE APPLICANT MUST READ THE FOLLOWING VERY CAREFULLY

1. I swear or affirm that I have read and understand the items and instructions on this form and that my answers (including attachments) are true and complete to the best of my knowledge. I understand that I am subject to administrative, civil or criminal penalties if I give false or misleading answers.
2. I apply for registration with the jurisdictions and organizations indicated in item 10 as may be amended from time to time and, in consideration of the jurisdictions and organizations receiving and considering my application, I submit to the authority of the jurisdictions and organizations and agree to comply with all provisions, conditions and covenants of the statutes, constitutions, certificates of incorporation, by-laws and rules and regulations of the jurisdictions and organizations as they are or may be adopted, or amended from time to time. I further agree to be subject to and comply with all requirements, rulings, orders, directives and decisions of, and penalties, prohibitions and limitations imposed by the jurisdictions and organizations, subject to right of appeal or review as provided by law.
3. I agree that neither the jurisdictions or organizations nor any person acting on their behalf shall be liable to me for action taken or omitted to be taken in official capacity or in the scope of employment, except as otherwise provided in the statutes, constitutions, certificates of incorporation, by-laws or the rules and regulations of the jurisdictions and organizations.
4. I authorize the jurisdictions and organizations to give any information they may have concerning me to any employer or prospective employer, any federal, state or municipal agency, or any other organization and I release the jurisdictions and organizations and any person acting on their behalf from any and all liability of whatever nature by reason of furnishing such information.
5. I agree to arbitrate any dispute, claim or controversy that may arise between me and my firm, or a customer, or any other person, that is required to be arbitrated under the rules, constitutions, or by-laws of the organizations indicated in item 10 as may be amended from time to time and that any arbitration award rendered against me may be entered as a judgement in any court of competent jurisdiction.
6. For the purpose of complying with the laws relating to the offer or sale of securities or commodities in the jurisdictions indicated in item 10 as may be amended from time to time, I irrevocably appoint the administrator of each of those jurisdictions, or such other person designated by law, and the successors in such office, my attorney upon whom may be served any notice, process or pleading in any action or proceeding against me arising out of or in connection with the offer or sale of securities or commodities, or out of the violation or alleged violation of the laws of the jurisdictions. I consent that any such action or proceeding against me may be commenced in any court of competent jurisdiction and proper venue by service of process upon the addressee as if I were a resident of, and had been lawfully served with process in, the jurisdiction. I request that a copy of any notice, process or pleading served hereunder be mailed to my current residential address as reflected in this form or any amendment thereto.
7. I consent that notice of any investigation or proceeding by any self-regulatory organization against applicant may be given by personal service or by regular, registered or certified mail or confirmed telegram to applicant at his/her most recent business or home address as reflected in this Form U-4, or any amendment thereto, or by leaving notice of the investigation or proceeding at such address.
8. I authorize all of my employers and any other person to furnish to any jurisdiction or organization or any agent acting on its behalf, any information they have, including my creditworthiness, character, ability, business activities, educational background, general reputation, history of my employment and, in the case of former employers, complete reasons for my termination. Moreover, I release each employer, former employer and each other person from any and all liability, of whatever nature, by reason of furnishing any of the above information, including that information reported on the Uniform Termination Notice for Securities Industry Registration (Form U-5). I recognize that I may be the subject of an investigative consumer report ordered by the jurisdiction, or organizations with which this application is being filed, and waive any requirement of notification with respect to any investigative consumer report ordered by any such jurisdiction or organization. I understand that I have the right to request complete and accurate disclosure by the jurisdiction or organization of the nature and scope of the requested investigative consumer report.
9. I understand and certify that the representations in this form apply to all employers with whom I seek registration as indicated in items 4 and 9 of this form. I agree to update this form by causing an amendment to be filed on a timely basis whenever changes occur to answers previously reported. Further, I represent that, to the extent any information previously submitted is not amended, the information provided in this form is currently accurate and complete.
10. If I have become temporarily registered as an agent, I acknowledge that this application for registration with the jurisdictions and organizations indicated in item 10 is separate and distinct from any temporary registration already obtained with the jurisdictions and organizations. I further understand that my registration may be denied, suspended or revoked under the laws, regulations or rules of the jurisdictions and organizations.

Month Day Year

SIGNATURE OF APPLICANT

TYPE OR PRINT NAME OF APPLICANT

THE FIRM MUST COMPLETE THE FOLLOWING

To the best of my knowledge and belief, the applicant is currently bonded where required, and, at the time of approval, will be familiar with the statutes, constitutions, rules and by-laws of the agency, jurisdiction or self-regulatory organization with which this application is being filed, and the rules governing registered persons, and will be duly qualified for the position for which application is being made herein. I agree that, notwithstanding the approval of such agency, jurisdiction or organization which hereby is requested, I will not employ the applicant in the capacity stated herein without first receiving the approval of any authority which may be required by law. This firm has communicated with all of the applicant's previous employers for the past three years.

EMPLOYER	NAME OF PERSON CONTACTED	POSITION OF PERSON CONTACTED	FROM	EMPLOYED TO	HOW CONTACTED		
					PHONE	LETTER	INTERVIEW

IN ADDITION, I HAVE TAKEN APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN AND WITH THIS APPLICATION.

THE APPROPRIATE SIGNATORY AREA *MUST BE COMPLETED ON ALL INITIAL, TRANSFER OR AMENDMENT FILINGS.*

MONTH DAY YEAR

SIGNATURE OF APPROPRIATE SIGNATORY

TYPE OR PRINT NAME OF APPROPRIATE SIGNATORY

CRD USE ONLY

UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER
DISCLOSURE REPORTING PAGE (DRP)

LAST NAME	J.R.S.A., etc.	FIRST NAME	MIDDLE NAME (Specify if none)
CRO #	NFA #	SOCIAL SECURITY #	FIRM CRO #

INSTRUCTIONS

This Disclosure Reporting Page (DRP) is to be used to report details of affirmative responses to item 22 questions.

- Use a separate DRP for each event or proceeding. Complete items 1-8 below. (Item 9 is optional.)
- One event may result in more than one "yes" answer in item 22; if so, use only one DRP to report this information.
- The information provided on this DRP will be entered into the CRO system verbatim. It is very important that clear and concise information be provided for each item on this form.
- It is not a requirement that documents be provided for each event or proceeding. Should they be provided with the DRP, they will not be accepted as disclosure in lieu of answering the questions on this form.

1. This DRP relates to the following questions in item 22:

- | | | | | | | | | |
|----------------------------------|-------------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|----------------------------------|
| <input type="checkbox"/> 22A (1) | <input type="checkbox"/> 22C (2)(a) | <input type="checkbox"/> 22D (3) | <input type="checkbox"/> 22E (2) | <input type="checkbox"/> 22E (6) | <input type="checkbox"/> 22F (4) | <input type="checkbox"/> 22H (1)(b) | <input type="checkbox"/> 22J (2) | <input type="checkbox"/> 22M |
| <input type="checkbox"/> 22A (2) | <input type="checkbox"/> 22C (2)(b) | <input type="checkbox"/> 22D (4) | <input type="checkbox"/> 22E (3) | <input type="checkbox"/> 22F (1) | <input type="checkbox"/> 22G (1) | <input type="checkbox"/> 22H (1)(c) | <input type="checkbox"/> 22J | <input type="checkbox"/> 22N (1) |
| <input type="checkbox"/> 22B | <input type="checkbox"/> 22D (1) | <input type="checkbox"/> 22D (5) | <input type="checkbox"/> 22E (4) | <input type="checkbox"/> 22F (2) | <input type="checkbox"/> 22G (2) | <input type="checkbox"/> 22H (2) | <input type="checkbox"/> 22K | <input type="checkbox"/> 22N (2) |
| <input type="checkbox"/> 22C (1) | <input type="checkbox"/> 22D (2) | <input type="checkbox"/> 22E (1) | <input type="checkbox"/> 22E (5) | <input type="checkbox"/> 22F (3) | <input type="checkbox"/> 22H (1)(a) | <input type="checkbox"/> 22I (1) | <input type="checkbox"/> 22L | <input type="checkbox"/> 22N (3) |

2. Is this DRP being filed to change or update any information regarding a previously reported event or proceeding?
Complete items 1-8, and if yes, also circle the items below which are being changed.

☐ YES ☐ NO

3. Who initiated this event or proceeding? (Enter name of firm, regulator, court, customer, etc.)

4. What type of event or proceeding was this? (i.e., Customer Complaint, Termination, Civil, Administrative, Criminal, Arbitration)

5. On what date was the event or proceeding initiated? _____

6. Identify the docket or case number of the event or proceeding (if any). _____

7. What were the allegations against you? (Include amount of actual or alleged damages or claims.) _____

8. a. What is the current status of the event or proceeding? _____

b. On what date was this status reached? _____

c. What was the result? (Include felony/misdemeanor, a description of the penalties, amount of fine, payment or settlement, terms of the disposition, length of suspension or restriction, etc.) _____

9. You may provide a brief summary of this event or proceeding. (Your information must fit within the space provided.)

MONTH DAY YEAR

SIGNATURE OF APPLICANT

DISCLOSURE REPORTING PAGE (DRP)

Rev. Form U-4 (11/97)

APPLICANT		LEAVE BLANK		TYPE OR PRINT ALL INFORMATION IN BLACK		LEAVE BLANK	
SIGNATURE OF PERSON FINGERPRINTED		LAST NAME NAM		FIRST NAME		MIDDLE NAME	
EMPLOYER AND ADDRESS		ALIASES AKA		OR 1		DATE OF BIRTH DOB	
DATE		CITIZENSHIP CTZ		SER		AGE	
SIGNATURE OF OFFICIAL TAKING FINGERPRINTS				HGL		HGL	
YOUR NO. OCA		FBI NO. FB		EYES		HAIR	
REASON FINGERPRINTED		ARMED FORCES NO. MNU		PLACE OF BIRTH POB			
SEC RULE 171-2		SOCIAL SECURITY NO. SOC		CLASS			
ORG CARD #		MISCELLANEOUS NO. MNU		REF.			
NATL ASSN SEC DEALERS WASH DC				LEAVE BLANK			
NATL ASSN SEC DEALERS WASH DC							
1. R. THUMB		2. R. INDEX		3. R. MIDDLE		4. R. RING	
5. R. LITTLE		6. L. THUMB		7. L. INDEX		8. L. MIDDLE	
9. L. RING		10. L. LITTLE					

Survey

1. Does your Credit Union offer full brokerage services to your members?

☐ Yes
☐ No

2. What type of office is your CUSO?

☐ Branch Office
☐ Introducing Broker/Dealer
☐ Purchased or Merger of other financial center

3. Does your Credit Union offer your members insurance products and services?

☐ Yes
☐ No

4. What criteria were used to determine what products to offer your members?

☐ Membership size
☐ Asset size
☐ Requested by members

5. Do the members of your Credit Union favor one stop shopping for all their financial needs?

☐ Yes
☐ No
☐ Don't know

6. Do you offer your members a consolidated statement for all their financial transactions?

☐ Yes
☐ No

7. Does your Credit Union offer Internet access for all members to their accounts?

 Yes
 No

WORKS CITED

"Clearing Firm Survey." Bank Securities Journal (Jan/Feb 1998):20-24.

Alpert, Henry. "One-Stop Shop: Will It Work?" Bank Investment Marketing (August 1998):27-30.

Calkins, David M. "Capital Markets: A Sure Fit For Wholesale Banking." Bank Securities Journal (July/August 1998):11-15.

Forbat, Pamela Savage. "The True Cost of Hanging a Shingle." Registered Representative (September 1998):73-81.

How to Become a Member of the NASD, National Association of Securities Dealers, Inc.,: GPO, 1994.

Robert Thomas Securities, Inc. Relationship to our Parent, Raymond James Financial, Inc.,: GPO, 1996.

Wedbush Morgan Securities: GPO, 1998.

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